Design Holding | International Design Group

Full Year and Q4 2021 results



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

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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

Full Year 2021 financials – **Proforma** (1)

REVENUES
€700.3 m
+21.1% vs 2020

EBITDA
€179.4 m
+28.6% vs 2020

EBITDA margin 25.6%

EBIT
€152.6 m
+32.7% vs 2020

EBIT margin 21.8%

Cash generation
€142 m
74.5% of EBITDA(2)

Leverage (3)
3.9x
as of December 31, 2021

vs. 4.6x at Dec. 31, 2020

(1) FY 2021 proforma figures, prepared under IFRS Gaap, include YDesign Group results for 12 months in 2021, and also in the comparables 2020 (while the company was acquired on June 1st , 2021) excluding one off and exceptional items.
(2) For the purpose of calculation of this ratio we include IFRS16 EBITDA equal to 190.7 m
(3) FY EBITDA 2021 increases from Euro 179.4 m to Euro 185.8 m if it includes expected synergies of Euro 6.4 m (Euro 4m to be realized in the next 12 months and Euro 2.4 m of additional synergies due to YDG integration)

2021 highlights – M&A

Design Holding acquired **YDesign Group,** US-based leading online retailer of high-end, modern lighting and home furnishings.

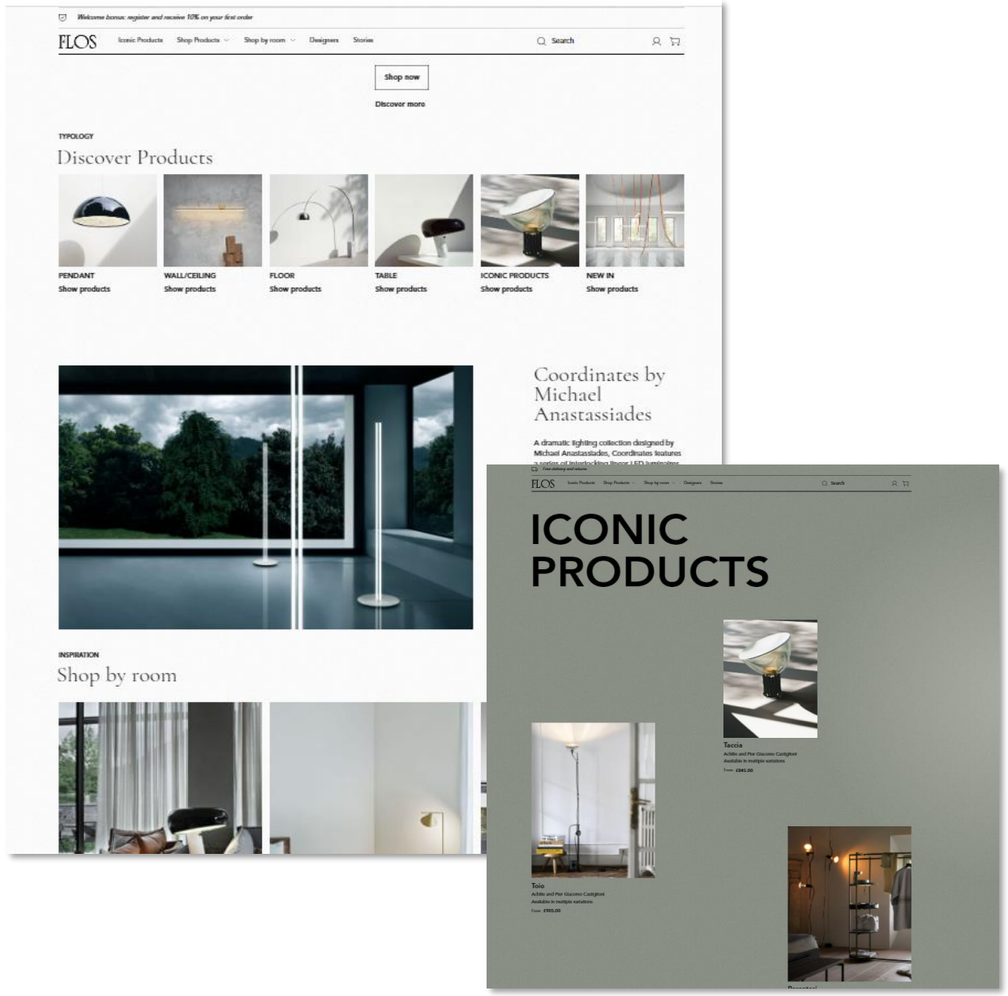


Design Holding and FENDI announced the launch of **FF Design joint venture to develop FENDI Casa business**. In October 2021 Fendi Casa presented its new furniture collection during a preview in Rome

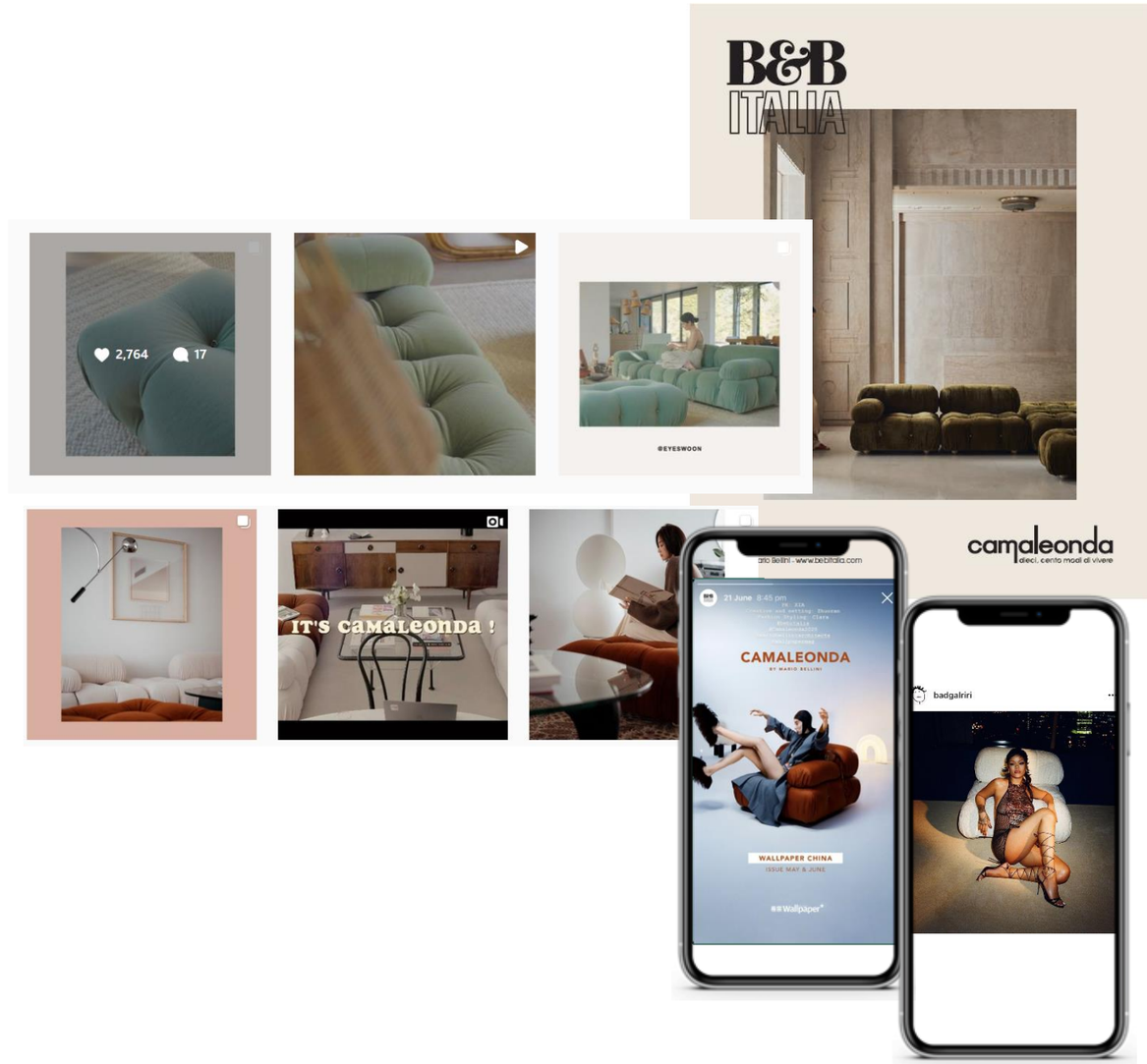


2021 highlights - Direct-to-consumer journey

FLOS launched its first Ecommerce platform in Europe in September 2021

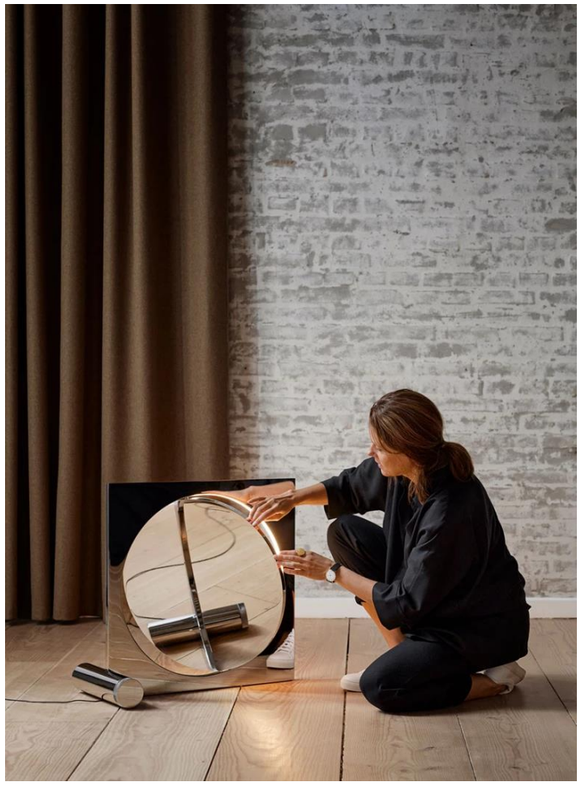


B&B Camaleonda has been the iconic hero product on social media platforms around the world



2021 highlights – New products gain prestigious design awards

Moonsetter



Louis Poulsen new iconic design by Anne Boysen wins The Wallpaper* Design Awards 2022 - “Best Celestial Glow”

Parentesi



FLOS celebrates the 50th anniversary of **Parentesi**, the iconic lamp by Achille Castiglioni and Pio Manzù.

Allure O’ /Flair O’



B&B Italia has been awarded with the 2022 Wallpaper* Design Award **-** “prize for Best dining experience”

2021 highlights – High-end contract projects in 2021

Bvlgari Hotel & Resort



B&B and Maxalto

HOSPITALITY

Bvlgari Hotel & Resort,
Penthouse / Paris, France

Bourse de Commerce



Flos

PUBLIC SPACES

Bourse de Commerce / Lighting project
Bouroullec Brothers / Paris, France

2021 highlights – Design Holding brands continue their path in sustainability through circular economy principles in our products.

FLOS

Oplight



FLOS Oplight by Jasper Morrison is a technologically advanced product with circularity in mind

louis poulsen

PH5- take back scheme



The **Louis Poulsen** take-back scheme for the PH5 iconic lamp

B&B ITALIA

Borea



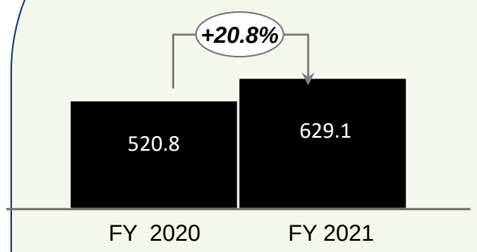
B&B Italia assessed that Borea circularity is equal to 89%.

Revenues analysis – Proforma vs Reported

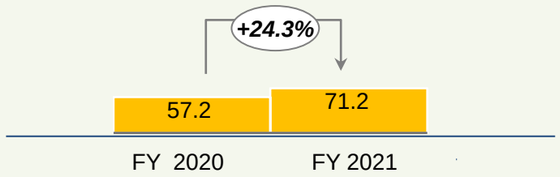
FY revenues (€ m)

Proforma

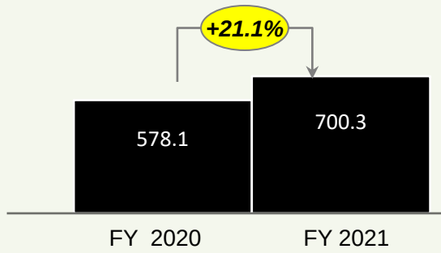
Organic

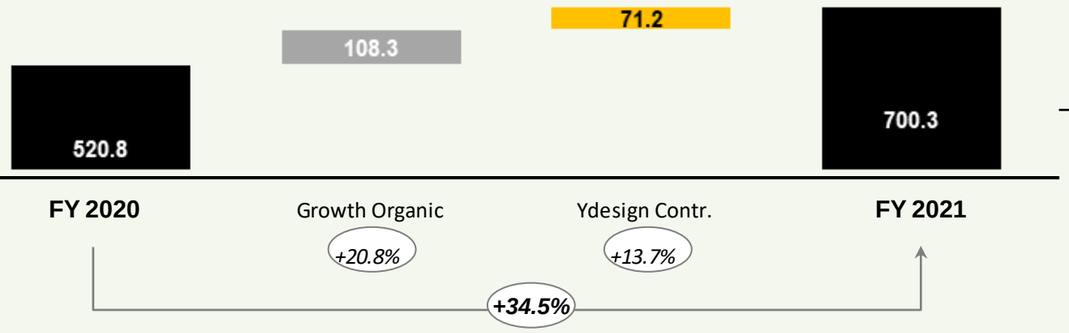


YDesign Group proforma revenues(1)

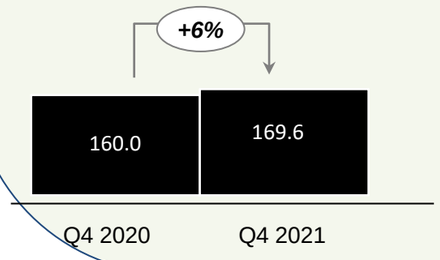


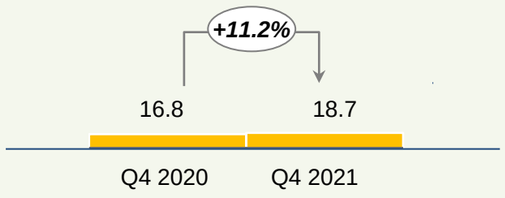
Total proforma consolidated revenues

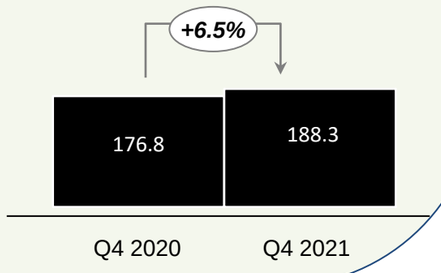




Q4 revenues (€ m)

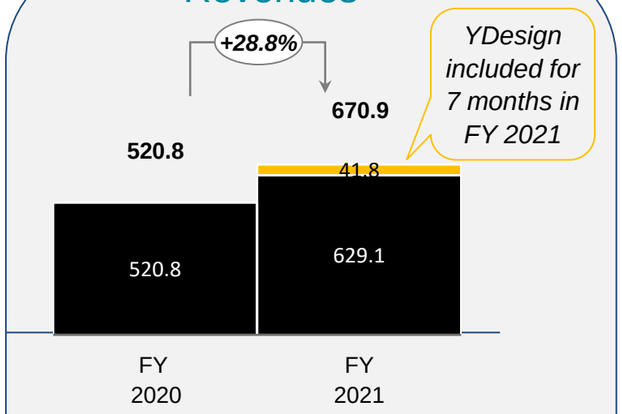


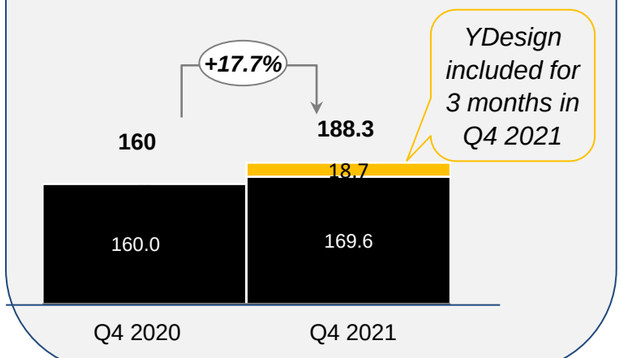




Reported

Revenues





YDesign contribution

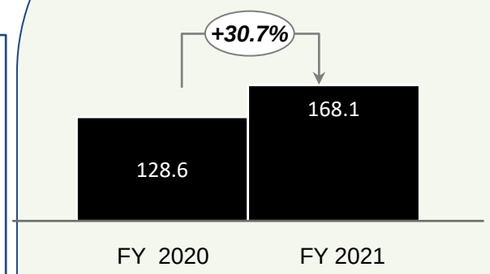
(1) YDG proforma revenues: YDG revenues with dropship model: when YDesign sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent; Exchange rate: Euro/USD:1,133 Average exchange rate December 2021

EBITDA analysis – Proforma vs Reported

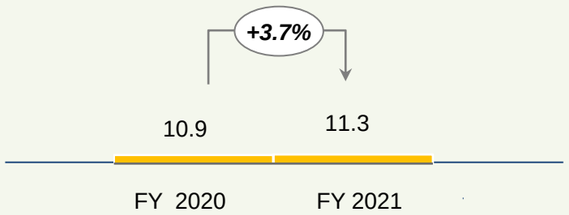
FY Adjusted EBITDA(1) (€ m)

Proforma

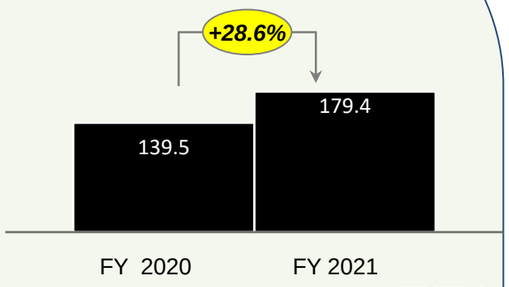
Organic

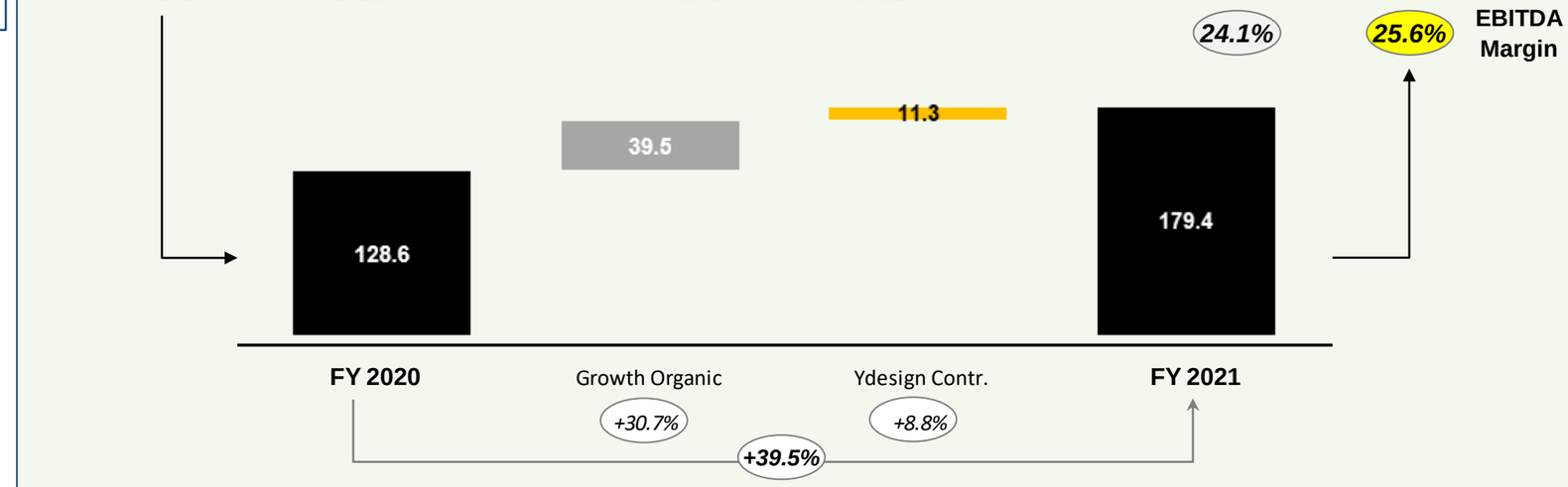


YDesign Group proforma Adj. EBITDA

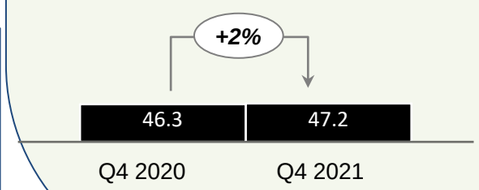


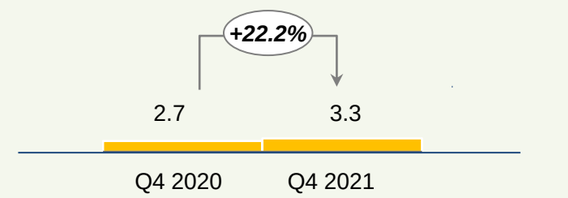
Total proforma consolidated Adj. EBITDA

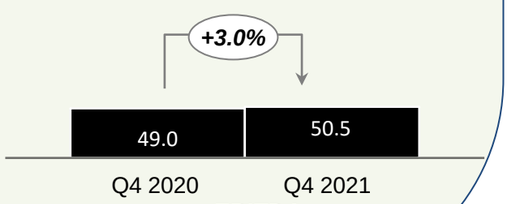




Q4 Adjusted EBITDA(1) (€ m)

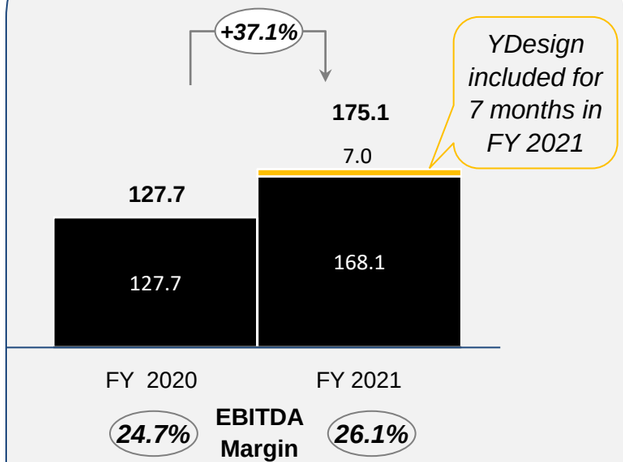


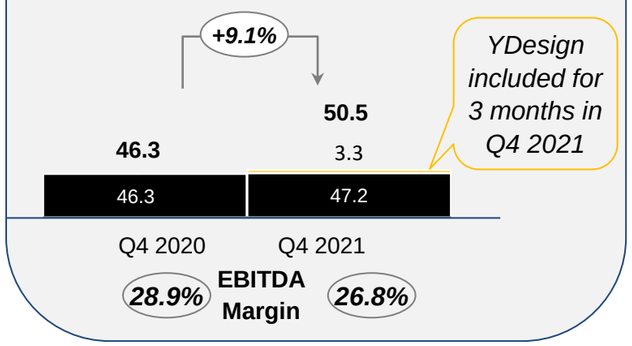




Reported

Adj.EBITDA





YDesign contribution

(1) Figures reported in this presentation are disclosed without IFRS 16 impacts, unless stated otherwise. Proforma EBITDA is here reported considering YDesign as acquired from January 1st 2020.
(2) LTM EBITDA 2021 increase from Euro 179.4 m to Euro 185.8 m if it includes expected synergies of Euro 6.4 m (Euro 4 m to be realized in the next 12 months and Euro 2.4 m of additional synergies due to YDG integration)

(1): YDG proforma revenues includes YDG results from January 1st 2020

FY 2021 **Proforma Net revenues** performance across all **regions**

60%

EMEA

€423.6 m

+17.2% vs 2020
+16.3% vs 2019

24%

America

€164.6 m

+24.6% vs 2020
+9.0% vs 2019

16%

APAC

€112.2 m

+32.6% vs 2020
+20.2% vs 2019

YTD revenues

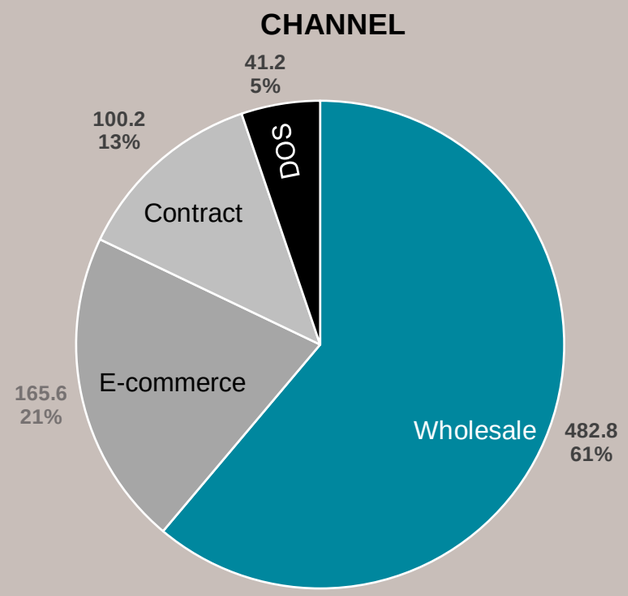
€700.3mm

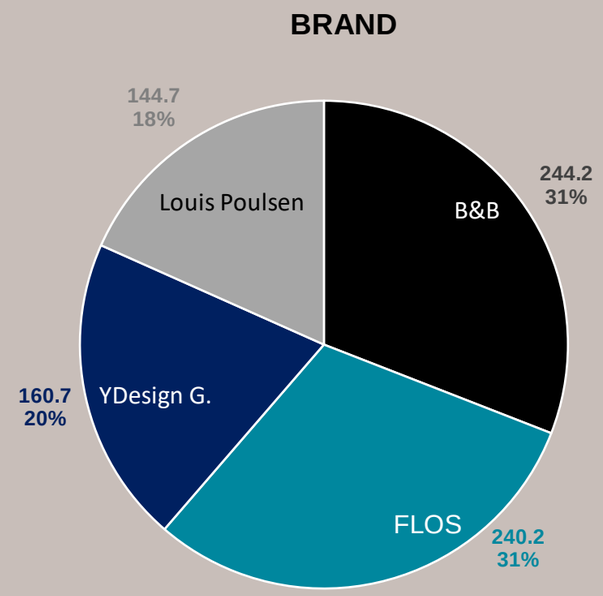
+21.2% vs 2020
+15.1% vs 2019

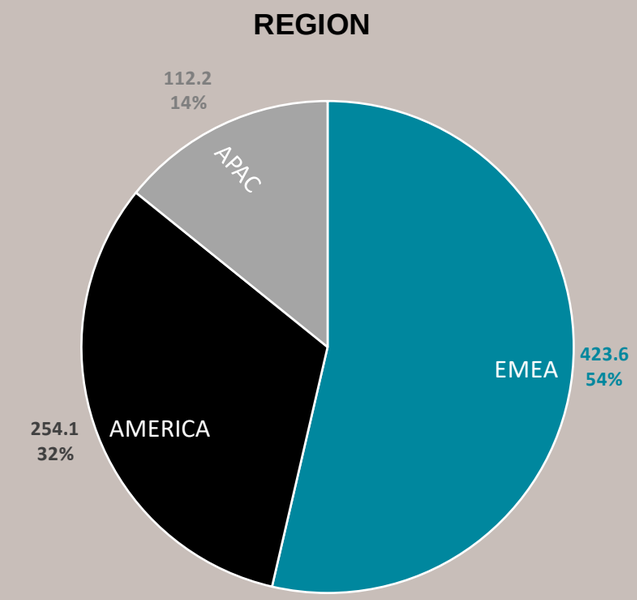
Note: Splits by channel and by region based on management accounts - Source: Company information

FY 2021 Net revenues by channel, brand and region
Proforma and **Gross Merchandising Value** (**GMV**)

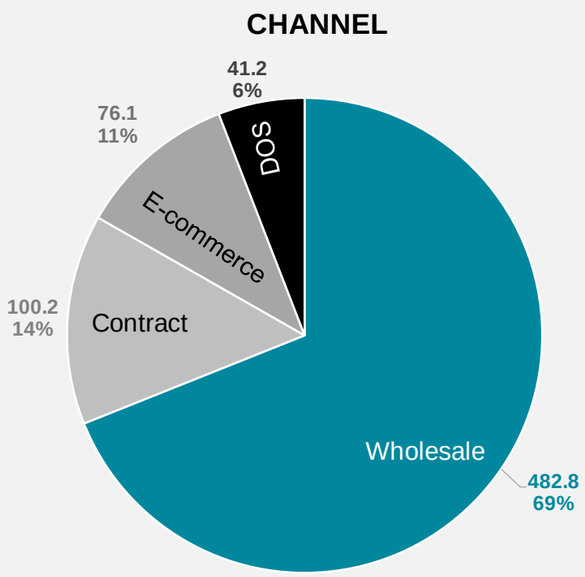
GMV
€ 789.8 m

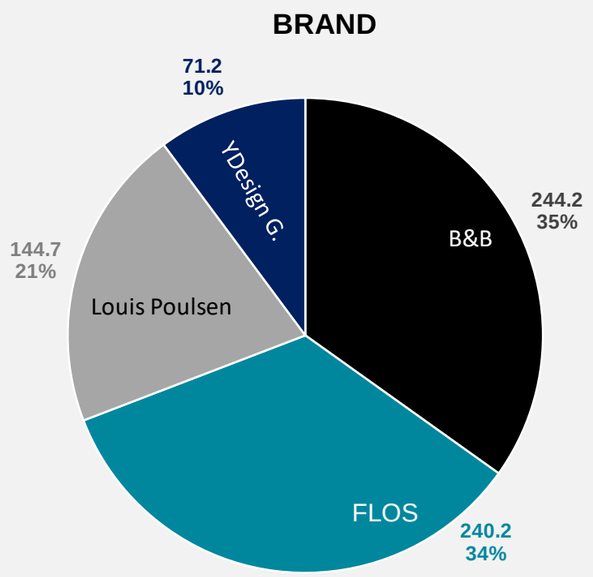


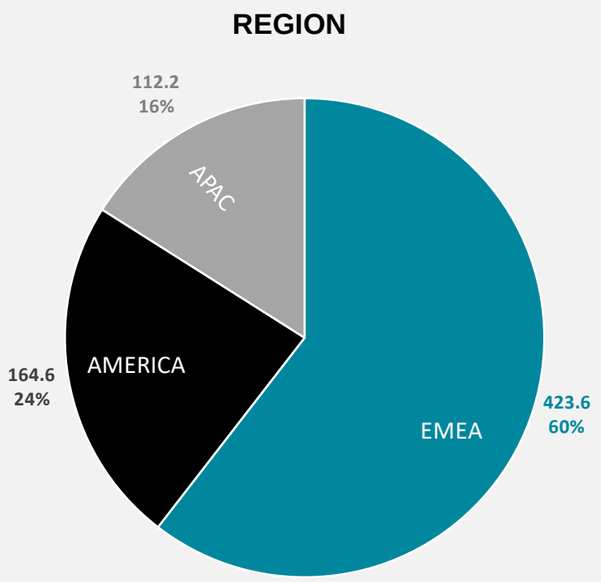




Proforma
€ 700.3 m







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

Q4 2021 financials – **Proforma**

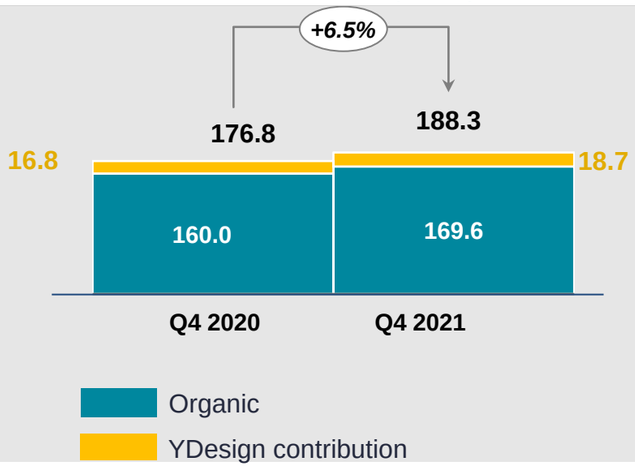
REVENUES
€188.3 m
+6.5% vs 2020

Adj. EBITDA
€50.5 m
+3.0% vs 2020

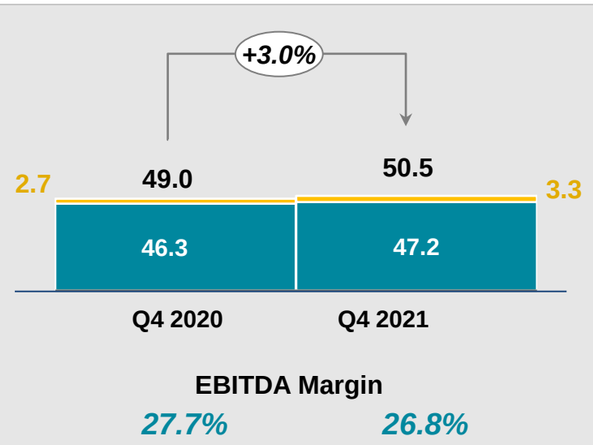
Q4 2021 Adj. EBITDA margin 26.8%

Adj. EBIT (1)
€43.1 m
In line with 2020

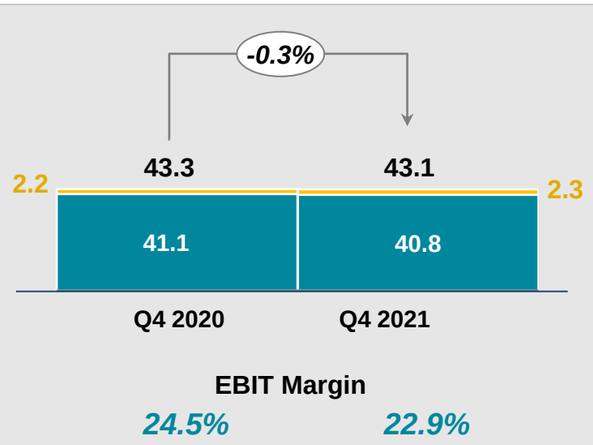
Revenues (€ m)



Adj. EBITDA (€ m)

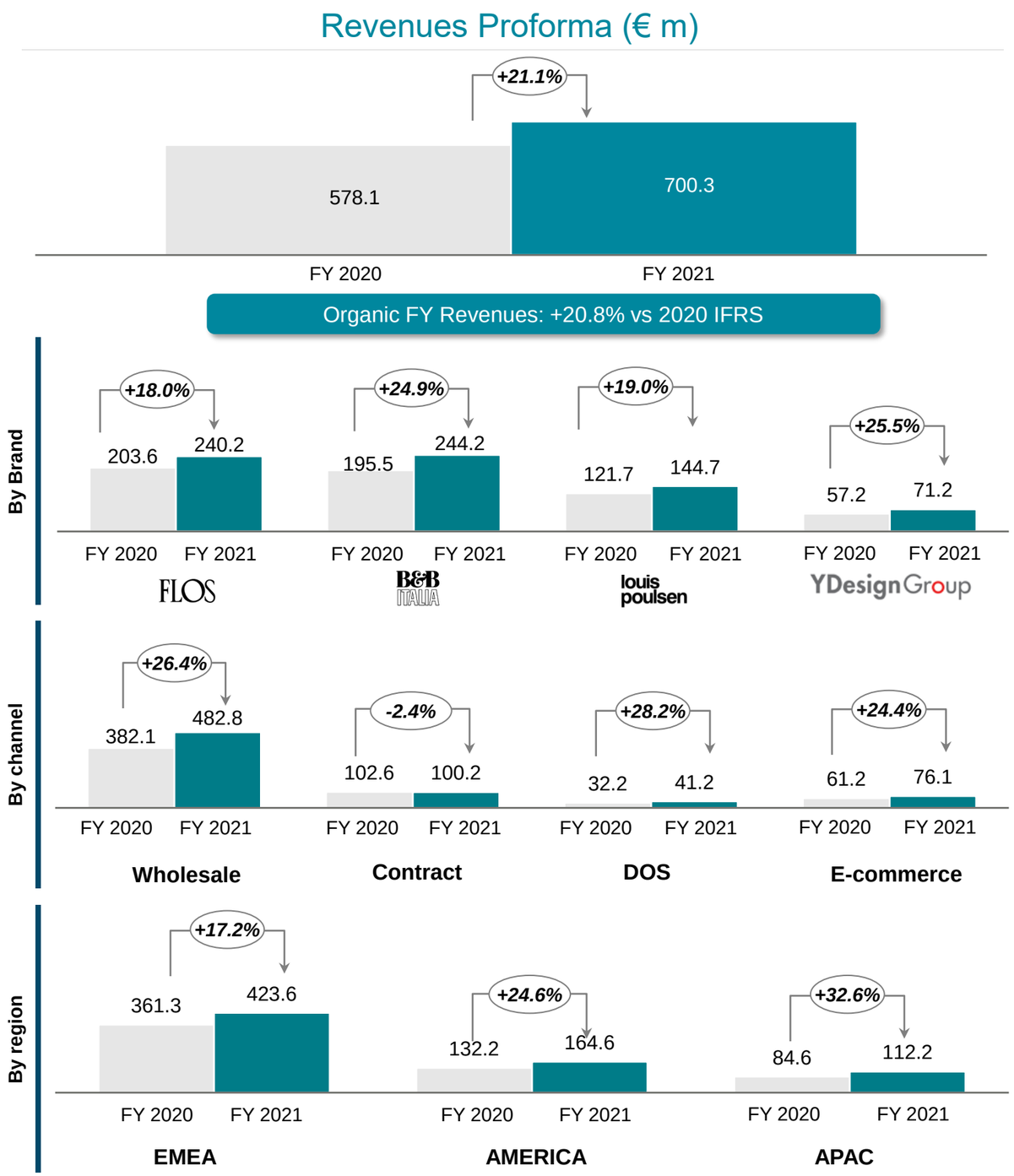


Adj. EBIT (€ m)



1) Adj. EBIT FY 2021 is in line with FY 2020 due to higher D&A related to capital expenditures

FY 2021 revenues Proforma



- **FY 2021 revenues Proforma of Euro 700.3 m +21.1% vs. FY 2020.**

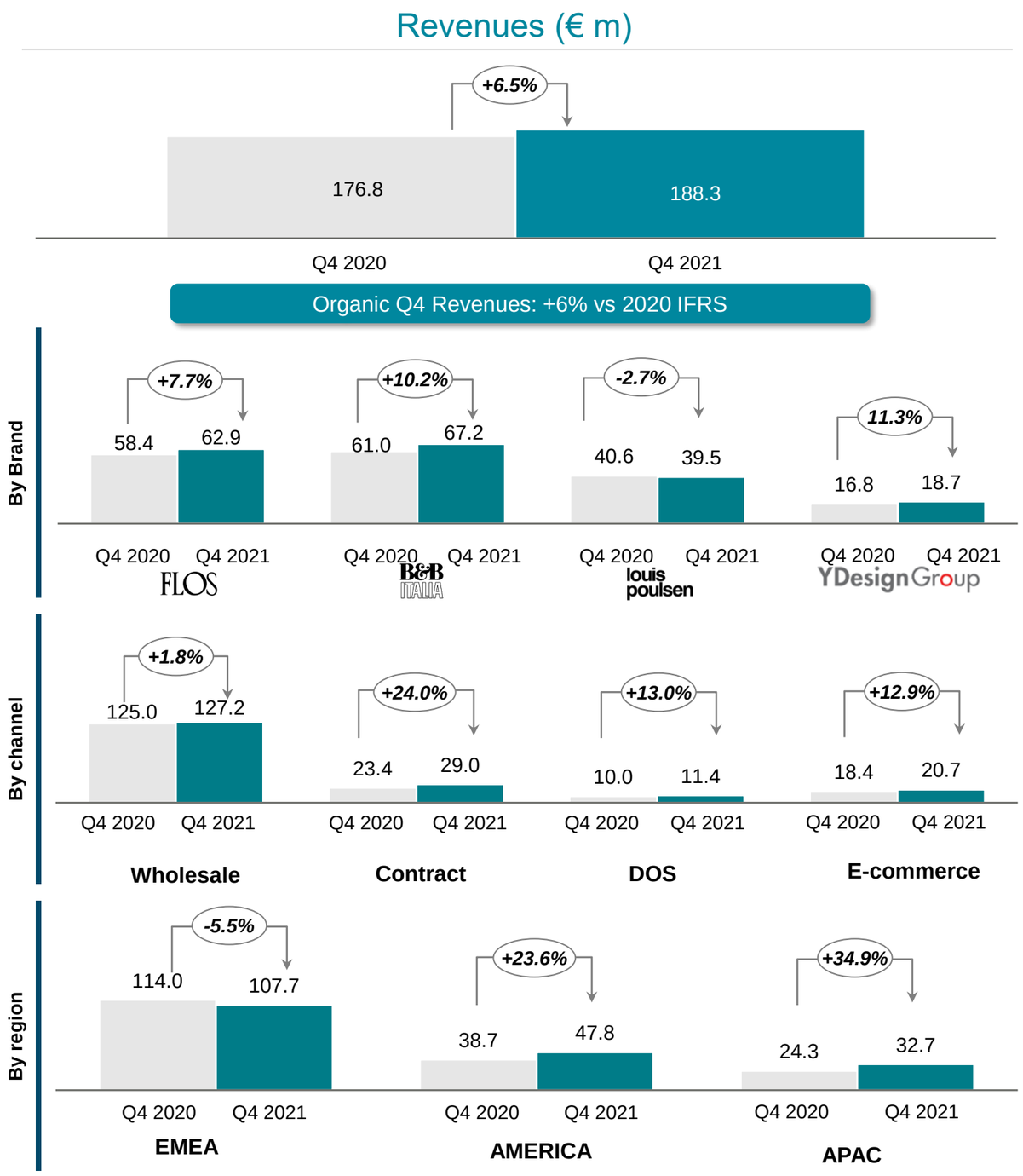
- **By Brand:** all brands reported double digit growth with B&B Italia and Ydesign posting results in the 25% region and Flos & LP close to 20% on corresponding 2020 figures. All brands are well above respective 2019 results: LP shows a growth of 28.6%, B&B Italia is up 14.3% and Flos is increasing 3.9% on 2019.

- **By channel:** all channels are growing more than 20% over 2020, with the only exception of contract channel that is still down 2.4%, an enduring consequence of the Covid related slow down of commercial, hospitality and office spaces.

- **By region:** the group posted good results in all regions, with Apac growing more than Americas and Emea, boosted by the good momentum of LP and B&B Italia.

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

Q4 revenues Proforma



- **Q4 2021 revenues of Euro 188.3 m, reported a growth of +6.5% vs. Q4 2020.**

- **By Brand:** all Brands, but LP, reported growing revenues in Q4 with B&B Italia and Ydesign showing double digit growth rates and Flos in the high single digit region. LP's revenues are down 2,7% against Q4 2020 that was a record quarter for the Brand.

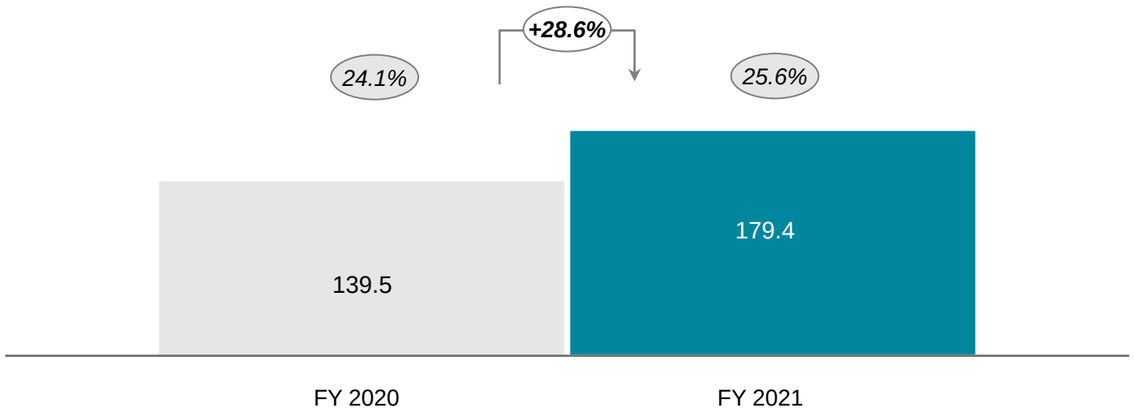
- **By channel:** all channels are growing over Q4 2020, contract channel is up 24% on the corresponding period of 2020.

- **By region:** the group posted particularly solid results in APAC and AMERICA while EMEA is down, on a strong comparison base, as a consequence of a weak performance in the quarter of B&B Italia in Great Britain and LP in the Nordics.

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

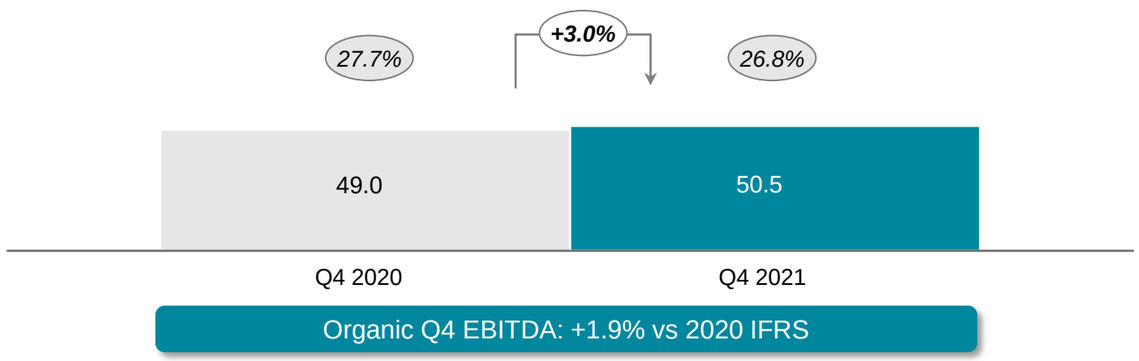
Proforma Adjusted EBITDA evolution in FY and Q4 2021

FY Adjusted EBITDA(1) (€ m)



Organic YTD EBITDA: +30.7% vs 2020 IFRS

Q4 Adjusted EBITDA(1) (€ m)



Organic Q4 EBITDA: +1.9% vs 2020 IFRS

- **Strong FY proforma results**, with the Adj EBITDA that reports a growth of 28.6% vs last year. All brands improved their EBITDA margin.
- **Q4 2021 proforma Adjusted EBITDA** of Euro 50.5m, +3.0% vs. Q4 2020, with the **Adjusted EBITDA margin** that slight decrease vs Q4 2020 (26.8% vs. 27.7%) due to a tough comparison base of last quarter in 2020 and mainly due to higher marketing expenses and a lower margin from YDesign**.**

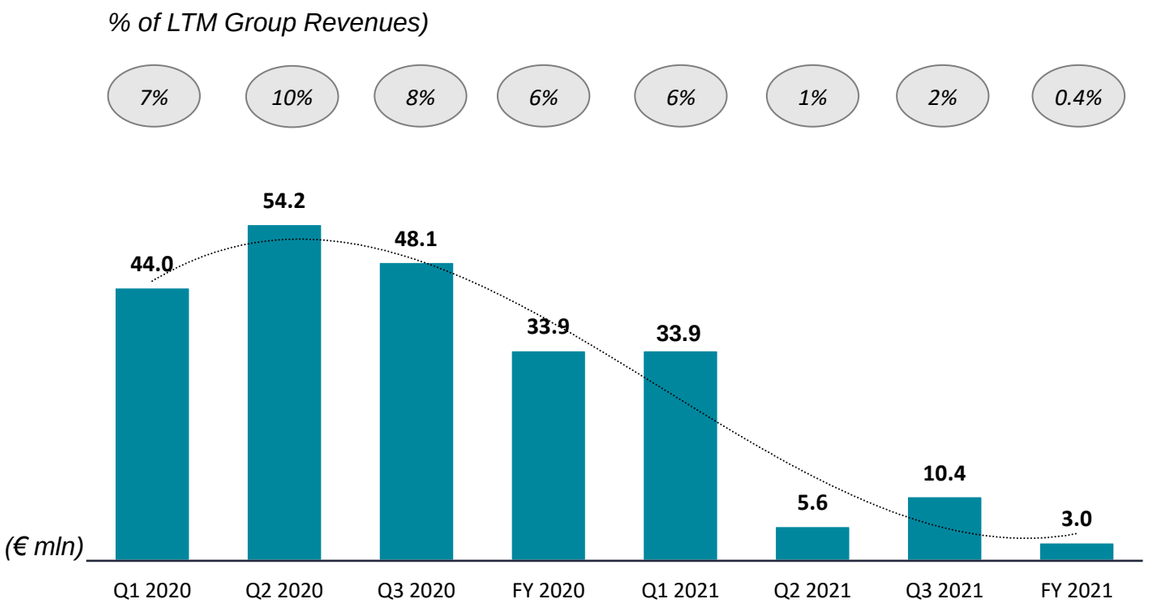
xx% Adjusted EBITDA margin (calculated on total proforma consolidated revenues – YDesign dropship model)

Source: Company information

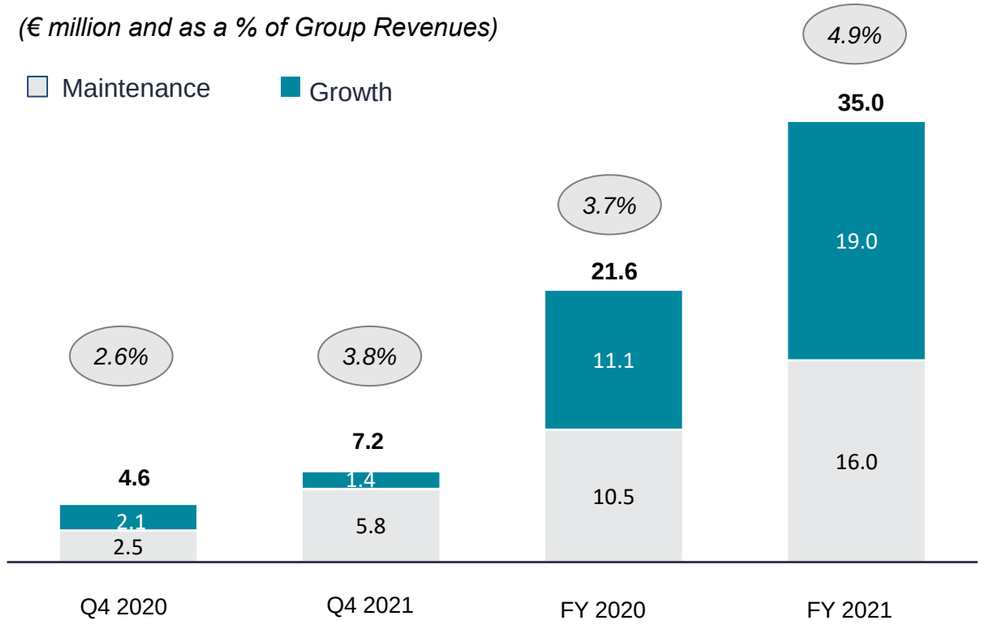
(1) Figures reported in this presentation are disclosed without IFRS16 impacts, unless stated otherwise. Proforma EBITDA is here reported considering YDesign as acquired from January 1st 2020

Working capital and capital expenditure

Group Working Capital (reported)



Group Capital Expenditures (reported)



Notes

- **Group Working capital** in FY 2021 was **0.4%** of 2021 LTM revenues, much lower than historical level: the acquisition of YDesign Group impacted positively the Group working capital needs.
- **Group Capital expenditure** in Q4 2021 was 3.8% on revenues (€7.2 m), higher compared to same period of 2020 (€4.6 m or 4.6% on revenues) since the Group is investing in several physical and digital initiatives that are boosting the direct to consumer channels, like D Studio Copenhagen and Milan, new Group Ecommerce platform, IT and Digital backbone strengthening, Fendi Casa license startup. This type of investments represent an extraordinary effort and the long-term goal is to return to an investment level of around 4% of revenues, as per the long-term historical level.

Source: Company information

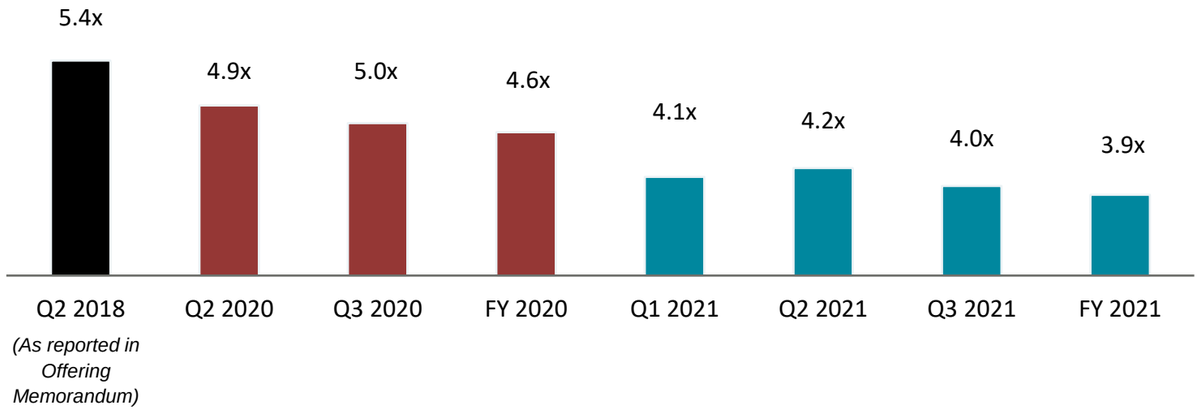
Cash flow and Leverage

Group Cash flow statement reported

figures in € million

Cash flow	2021	2020
ADJ. EBITDA	**175.1**	**127.9**
IFRS16	15.6	14.3
EBITDA	**190.7**	**142.2**
Taxes (cash)	(11.8)	(10.8)
Change in net working capital	12.6	0.3
Change in other assets and liabilities	(17.1)	(1.6)
Net cash flow from operations	**174.3**	**130.1**
Capex payments	(32.3)	(20.1)
Cash generation	**142.0**	**110.0**
cash conversion on EBITDA	*74.5%*	*77.3%*
Acquisition of a subsidiary, net of cash acquired	(131.3)	-
Financial interest paid	(50.4)	(49.5)
Acquisition of non-current financial assets	(7.5)	-
Increase/decrease of financial receivables	3.8	2.1
Repayment of principal portion of lease liabilities	(9.7)	(10.1)
Increase/decrease of financial payables	136.4	(11.1)
(1) Non recurring expenses, net	(29.3)	(12.3)
Dividends paid to minority interests	(2.3)	-
Cash flow from financing activities	**(90.2)**	**(80.8)**
Net change in cash	**51.8**	**29.2**

Leverage (2)



Notes

- **Cash flow :** Cash generation in the 2021 full year has been very strong (69.8% of reported EBITDA proforma) with Cash flow for debt service that reached Euro 112.7m.
- **LEVERAGE:** constantly decreasing in the last two years, except for critical covid period Q2-Q3 2020 and despite the YDesign acquisition in 2021

(1) Non Recurring expenses, net in 2021 include:
- Euro 8.1m of which 5.2 m of transaction costs and Euro 2.3 m of the full reversal of PPA on Inventories, related to the acquisition of Ydesign,
- Euro 8.6 m of start up cost of new initiatives like Fendi Casa, D Studio and the new ecommerce platform,
- Euro 9.5 m of intercompany management fees from IDG to DH
- Euro 3.8 m of other non recurring.

(2) LTM EBITDA 2021 increase from Euro 179.4 m to Euro 185.8 m if it includes expected synergies of Euro 6.4 m (Euro 4 m to be realized in the next 12 months and Euro 2.4 m of additional synergies due to YDG integration) . Only Q2, Q3 and Q4 2021 included YDesign Group net cash. Previous periods are based on historical data.

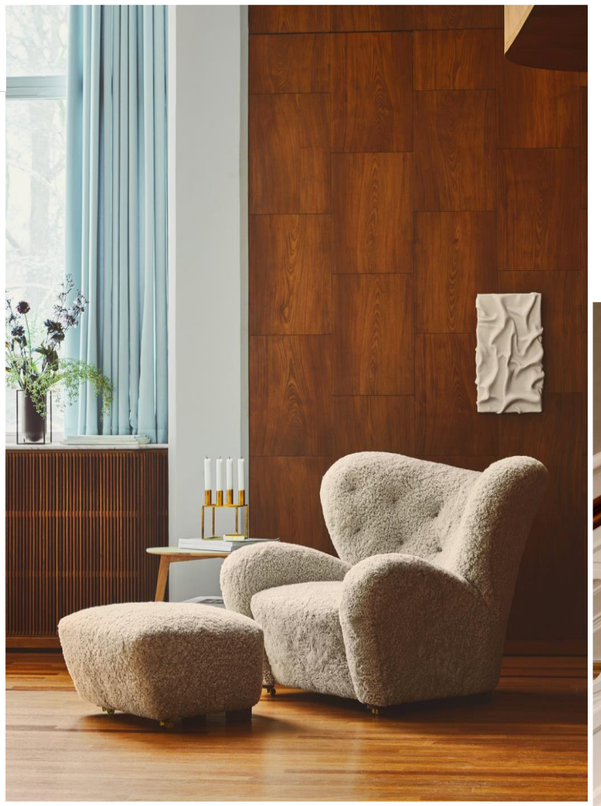
(3) cash flow calculated including YDG from the date of acquisition (June 1st 2021)

Source: Company information

Value creation initiatives

Design Holding has signed an agreement to acquire Designers Company

- Designers Company (DC) is a Danish group that includes complementary brands such as Menu and By Lassen
- Designers Company has an important portfolio of heritage designs (archive rights of all Lassen brothers as well as Ib Kofod-Larsen products) alongside modern design products and a well-distributed product range among furniture, lighting and accessories.
- Several positives support clear opportunities for Design Holding:
  - The “new Nordic style” of DC brands gives access to the fast-growing Nordic Design space;
  - High complementarity with Design Holding product categories (accessories and chairs);
  - High growth product category with strong presence online
  - Strong presence in EMEA and AMERICA







Q&A

Appendix

Capital structure and EBITDA

Consolidated capitalisation as of December 31, 2021

€ m	Drawn	x Target Group Synergized EBITDA
Cash and cash equivalents	(144.5)	
Senior Secured Notes	870.0	
Other financial liabilities	5.2	
(*) **Total net debt**	**730.7**	**3.9x**
Group synergized EBITDA		**185.8**

(*) Total net debt, excluding Lease liabilities (IFRS16) and accrued interests on Loans

Below a reconciliation between the EBITDA reported and the EBITDA adjusted:

EUR / MLN

	Profit and loss	2021	2020
(1)	**Revenues**	**676.1**	**526.1**
	Operating expenses	(485.4)	(383.9)
	Non-recurring costs and revenues	(29.3)	(12.3)
	EBITDA reported	**161.4**	**129.9**
	D&A of tang. and Intang. & RoU Depr.	(37.8)	(32.7)
	Operating Result - EBIT	**123.5**	**97.2**
	Financial income / Charges	(66.0)	(56.3)
	Taxation	(26.6)	(18.2)
	Net income / (loss) for the period	**30.9**	**22.6**

EUR / MLN

	Profit and loss	2021	2020
	EBITDA reported	**161.4**	**129.9**
	IFRS16	(15.6)	(14.6)
(2)	Non-recurring income and charges	29.3	12.3
	Adjusted EBITDA	**175.1**	**127.7**
	D&A of tang. and intang.	(26.3)	(21.4)
	Operating result - ADJUSTED EBIT	**148.8**	**106.3**

(1) Revenues from contracts with customers and other revenues. YDesign Group considered from June 1st 2021 (7 months in the 2021).

(2) Non-recurring costs and revenues are mainly related to:

- Euro 8.1 m of which Euro 5.2 m of transaction costs and Euro 2.3 m of the full reversal of PPA on Inventories, related to the acquisition of YDesign;
- Euro 8.6 m of start up costs of new initiatives like FENDI Casa, D Studio and the new ecommerce platform;
- Euro 9.5 m of intercompany management fees from IDG to DH;
- Euro 3.8 m of other non recurring.

IFRS Consolidated Statement of Financial position

ASSETS

		December 31 2021	December 31 2020
	Current Assets		
(1)	Cash and short-term deposits	144,524	92,723
	Trade receivables	68,298	57,133
	Inventories	122,215	100,224
	Tax current assets	11,656	7,202
	Other current assets	14,542	5,633
	TOTAL CURRENT ASSETS	**361,234**	**262,915**
	Non-Current Assets		
(2)	Goodwill	1,176,064	1,052,460
	Brands and other intangible assets	647,783	588,456
	Property, plant and equipment	114,645	109,292
	Right-of-use assets	63,509	43,023
	Investments in joint ventures and associates	39,226	23,365
	Deferred tax assets	20,594	18,054
	Other non-current assets	8,768	6,332
	TOTAL NON-CURRENT ASSETS	**2,070,588**	**1,840,982**
	Assets held for disposal	2,011	2,011
	TOTAL ASSETS	**2,433,834**	**2,105,907**

(1) Strong **Cash flow generation** in the 12 months 2021 driven by the strong growth from operations

(2) **Goodwill and Brands and other Intangible assets** were impacted by the recognition of the purchase price allocation of YDesign acquisition (Goodwill Euro 122.9m., trademark (LUMENS brand) Euro 53.6m.)

Exchange rate: Euro/USD:
- 1,13 End of month rate (FX as at December 31 2021);
- 1,18 Average exchange rate 2021

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

IFRS Consolidated Statement of Financial position

SHAREHOLDERS' EQUITY AND LIABILITIES

		December 31 2021	December 31 2020
	Total Shareholders Equity		
	Share capital	5,102	5,102
	Other reserves	1,023,575	980,794
	Result for the period	30,616	21,239
	GROUP SHAREHOLDERS' EQUITY	**1,059,293**	**1,007,135**
	Minority shareholders' equity	3,821	2,875
	Result attributable to minority interests	304	1,394
	TOTAL SHAREHOLDERS' EQUITY	**1,063,418**	**1,011,404**
	Current Liabilities		
	Current financial liabilities	3,169	1,934
	Current lease liabilities	10,183	9,336
(3)	Trade payables	143,506	79,979
	Advances from customers	43,660	43,463
	Current Tax liabilities	22,188	11,364
	Other current liabilities	35,802	28,751
	TOTAL CURRENT LIABILITIES	**258,508**	**174,828**
	Non Current Liabilities		
(4)	Non-current financial liabilities	858,640	704,674
	Non-current lease liabilities	59,447	37,571
	Defined benefit plans	7,601	7,483
	Provisions for risks and charges	12,321	10,986
	Deferred tax liabilities	173,734	158,856
	Other non-current liabilities	166	105
	TOTAL NON-CURRENT LIABILITIES	**1,111,908**	**919,675**
	TOTAL LIABILITIES	**1,370,416**	**1,094,503**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,433,834**	**2,105,908**
	Net Current Assets	**102,727**	**88,086**
	Total Assets less current Liabilities	**2,175,326**	**1,931,079**

Source: Company information

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

(3) **Trade payable**: increase in 2021 due to the increase of activities in 2021 and for the acquisition of YDesign, whose trade payables are approx. Euro 21m at December 31, 2021.

(4) **Non-current financial liabilities:** Long Term financial liabilities is mainly related to Bonds and their nominal value as at December 31, 2021 is Euro 870m (Euro 400m bullet in 2025 and Euro 470m bullet in 2026), while in December 2020 it was Euro 720m (Euro 400m and Euro 320m both originally due on 2025).
In the 2021, contextually to the acquisition of YDesign Group, IDG subscribed a new Bond for Euro 470m. A portion of the cash proceeds was used to repay the second tranche of the Bond issued on November 2018 (Euro 320m).

Exchange rate: Euro/USD:
- 1,13 End of month rate (FX as at December 31 2021);
- 1,18 Average exchange rate 2021