

International Design Group

FY 2023 RESULTS

April 29, 2024
13.30 CET (12:30 UK)

Design
Holding

International Design
Group



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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 | Arclinea
Maxalto | Azucena | Fendi Casa | Audo | Lumens



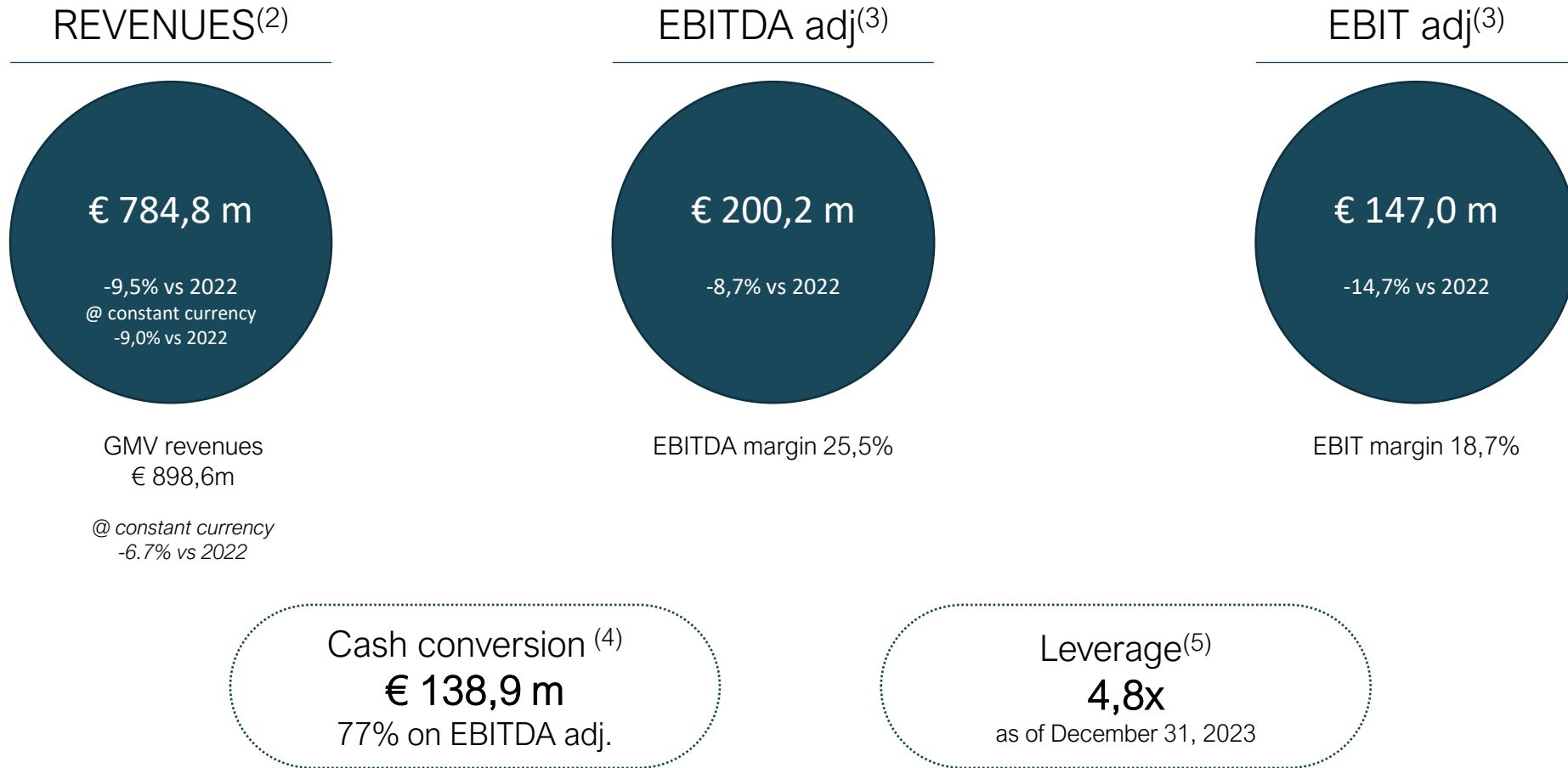
Alberto Toni
CFO of Design Holding

**Design
Holding**

B&B Italia | Flos | Louis Poulsen | Arclinea
Maxalto | Azucena | Fendi Casa | Audo | Lumens

FY 2023: EBITDA margin improvement, despite sales contraction in a tough market condition

Proforma⁽¹⁾ Financial Results



(1) Proforma figures, prepared under IFRS Gaap, include Audo in both periods, despite the mentioned company was acquired on May 2022.
 (2) Revenues include only «revenues from contracts with customers»
 (3) EBITDA Adjusted and EBIT Adjusted are fully compliant with the application of IFRS 16 (differently from the past when the EBITDA included the leases costs)
 (4) Cash conversion: EBITDA adj pre IFRS16 – Capex paid in the period
 (5) Leverage: Total net debt on the LTM proforma Adjusted EBITDA.

NEWNESS



FLOS, Black Flag by Konstantin Grcic



Maxalto, Arbiter 2023 by Antonio Citterio

HERITAGE RELAUNCHES



FLOS, 2797/30 White by Gino Sarfatti



Audo, The Penguin Lounge chair, by Ib Kofod-Larsen

COLLABS



B&B Italia, Camaleonda x Stella McCartney



Fendi Casa | Louis Poulsen exclusive collection

Continued affirmation of our brands' cultural relevance in the industry, fueled by new products. 70 new products' families launched in 2023

Strengthening our heritage through the re-launch of iconic products of our brands' archives

Exclusive collaborations creating special editions continue to excite our customers: Fendi Casa & Louis Poulsen and Camaleonda x SMC by B&B Italia

Several new products launched in 2023 are based on Eco-design principles

Eco-Design Principles

(01) Design ↔ (02) Materials



(03) Components

(04) Procurement



(05) Manufacturing

(06) Logistic & in use



(07) End of Life

Design Holding

7

Eco-design principles

21

Fundamental elements of design (design for disassembly, ease of maintenance, low emission, scrap & disposal, packaging, after life,..)

9

New eco-design products launched in 2023 designed according to eco-design principles



Arclinea, G_cover finish



B&B Italia, Tortello by Barber & Osgerby



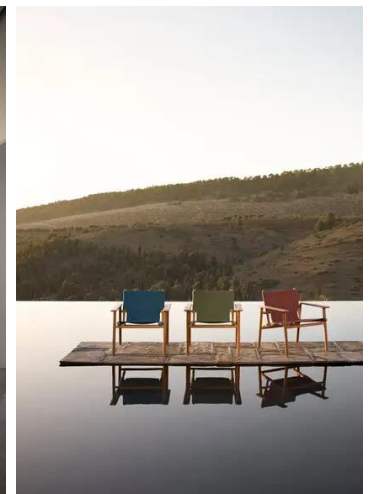
FLOS, Bilboquet by Philippe Malouin.



FLOS, Emi by Erwan Bouroullec.



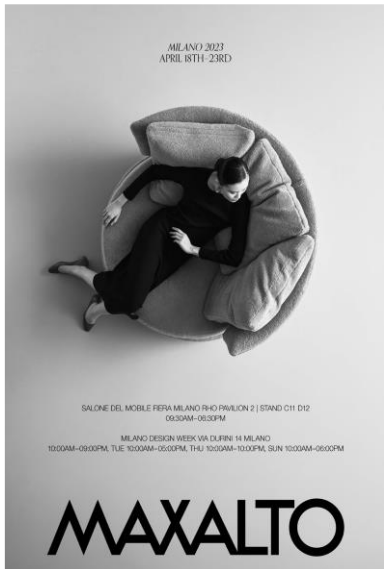
FLOS, Céramique by Ronan Bouroullec.



B&B Italia, Cordoba by Piero Lissoni

MEDIA VISIBILITY

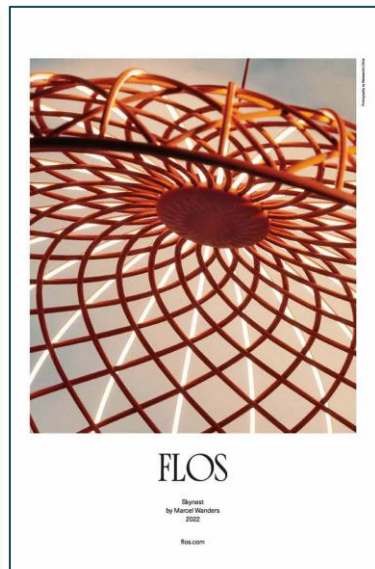
Adv campaign to increase brand awareness



Maxalto adv campaign



Audo rebranding campaign



Flos adv campaign

INSTORE EXPERIENCES

Distinctive brand experiences worldwide through in store activations



Louis Poulsen «Pale Rose in store activations» @Louis Poulsen Singapore Store



FENDI Casa Peekasit exclusive activations @Fendi Casa Flagship Store



Stella McCartney x B&B Italia display



B&B Italia: The Tortello sofa enhances Kelly Wearstler's (2,2 mln followers) house



B&B Italia: Athena Calderone (1mln followers) welcomes Le Bambole by Mario Bellini



Flos: Shantell Martin in her dreamlike studio in New Jersey covers two Mayday Lamps



Louis Poulsen: Louis Poulsen x Home in Heven special collaboration

Prestigious Flagship Store openings, expansions and renovations have enhanced our brands' visibility in key design cities

AMERICAS



B&B Italia Design Studio, Miami



B&B Italia, Maxalto Boston



B&B Italia, Arclinea, Maxalto Washington DC



B&B Italia, Maxalto, 58th street, NYC



Maxalto NYC, 135 Madison ave. NYC

APAC



Fendi Casa Store, Shanghai/China



Louis Poulson Store, Tokyo/Japan

Solid «branded spaces» footprint expansion: 1.177 monobrand & SIS at end 2023

MONOBRAND



Fendi Casa - Los Angeles



B&B Italia – Jinan



Arclinea - Dubai

SHOP IN SHOP



Flos - Beirut



Arclinea - London



Louis Poulsen - Manila



B&B Italia - Seoul

+29

Monobrand vs '22

+185

Shop in Shop vs '22

A dedicated China business unit is now fully operational and primed to deliver its growth plan



First Fendi Casa DOS in China, Shanghai



First FLOS Monobrand in Taiwan, Taipei



Maison Maxalto: News 2023 launch

287

Total Doors in China 2023

1

DOS (Fendi Casa)

44

Monobrand

99

Shop in Shop

Tmall

T-Mall Ecommerce launched for FLOS

Incredible luxury project delivered around the world across different segments and over 12,000 potential project in pipeline

HOSPITALITY



B&B Italia for Bvlgari Hotel & Resorts, Rome

HIGH END RESIDENTIAL PROJECTS



Fendi Casa, CASA Canal project, Dubai

PUBLIC SPACES



Flos Bespoke, The Perelman Performing Arts Center, NYC

RETAIL



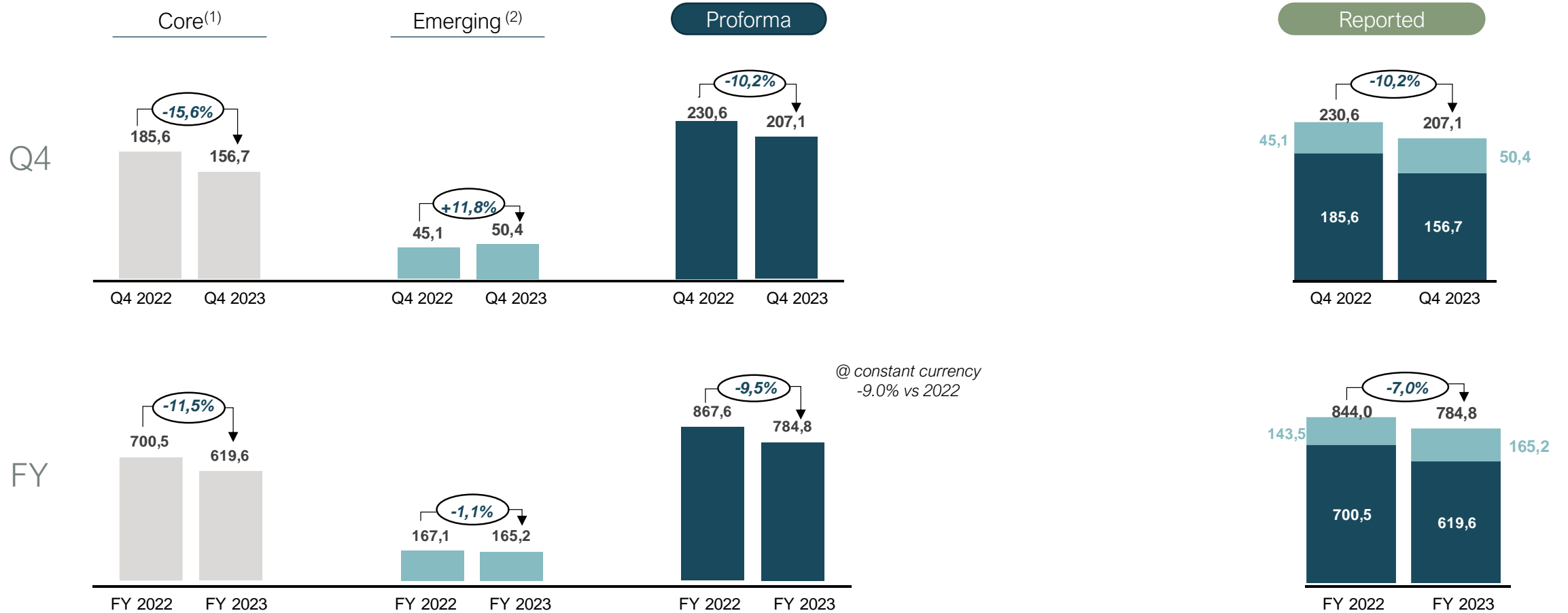
B&B Italia, Gucci boutiques

Revenues and EBITDA

Revenues: normalization after 2 years of accelerated double digit growth, with improving performance Q4 vs Q3 2024

Proforma and Reported

EUR \ MLN

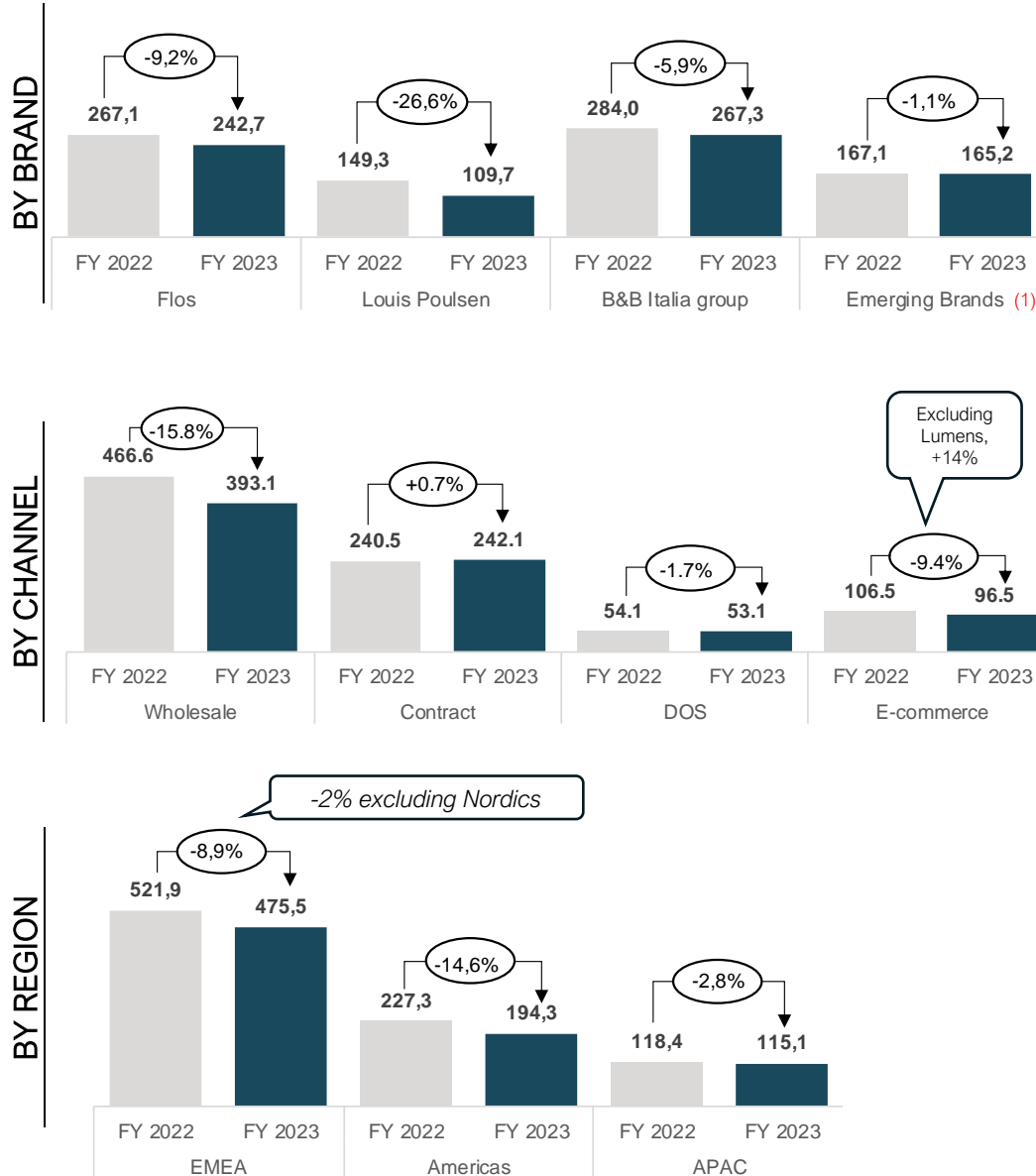
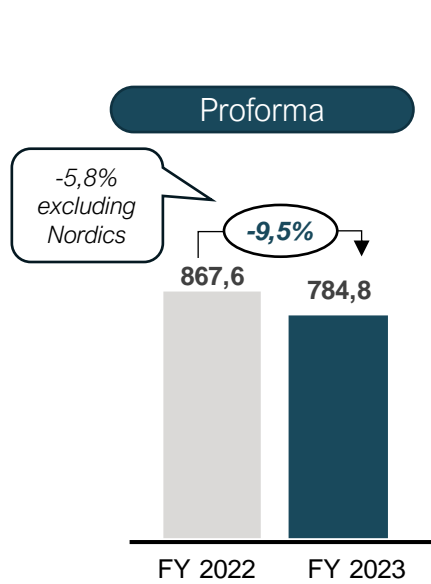


(1) **Core:** Core brand includes FLOS, Louis Poulsen and B&B Italia
 (2) **Emerging:** Emerging brand includes LUMENS (with dropship model: when LUMENS sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent), Fendi Casa and Audo

Sales contraction across brand, geographies and channels, excluding resilient contract

2023 Proforma Revenues

EUR \ MLN



Key Comments

By brand:

- All brands impacted by the macroeconomics and market conditions (Increase in inflation and interest rates, affecting consumer confidence and spending).
- B&B Group partly helped by strong backlog in first half year. Louis Poulsen down 26,6% due to well known negative macro economics in the Nordics (Denmark, Sweden and Norway all down double digit).

By channel:

- Contract and E-commerce excluding Lumens above last year +0,7% and +14% respectively. Lumens performance negatively impacted by exchange rates (Usd) and mix of drop shipping vs stock sales. At GMV in USD, Lumens -1% vs LY.
- DOS slightly below previous year and impacted by few relocations and renovations. New opening effects on revenues will be visible in 2024.
- Wholesale down 15,8% vs last years, across all regions.

By region:

- All Geo are contracting vs the same 12 months of last year.
- EMEA, driven by the Nordics, and Americas due to the above mentioned Lumens impacts. However, is worth nothing that some key regions like Italy and Middle East were up vs last year (+3% and +14% respectively).
- APAC down 2,8% vs LY, however at constant exchange rate some regions, such as Hong Kong, Singapore, India, Thailand, are growing vs LY, while China is flat.

(1) Emerging Brands includes Fendi Casa, Audo and Lumens (with dropship model: when Lumens sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent),

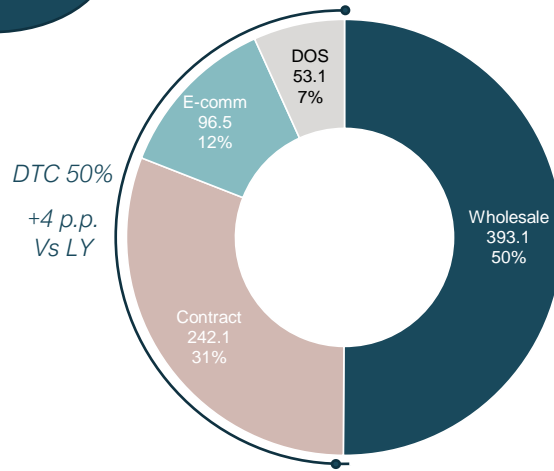
Mix vs 2022: Direct To Consumer accounts for ~50% of sales (+400BP vs LY)

Proforma Revenues

PROFORMA
€ 785m

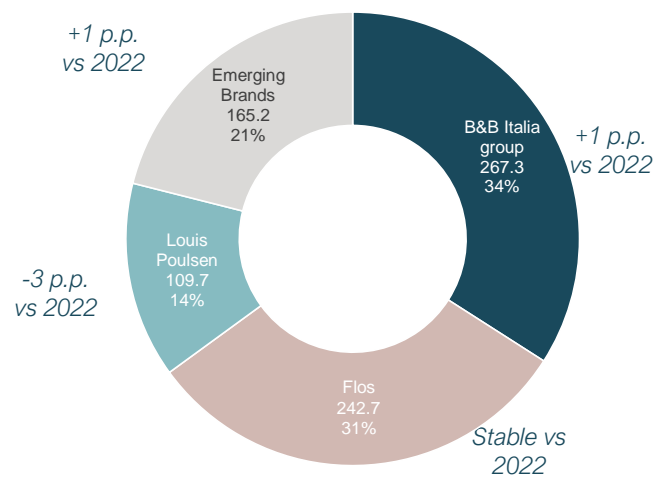
CHANNEL

(As % of 2023)



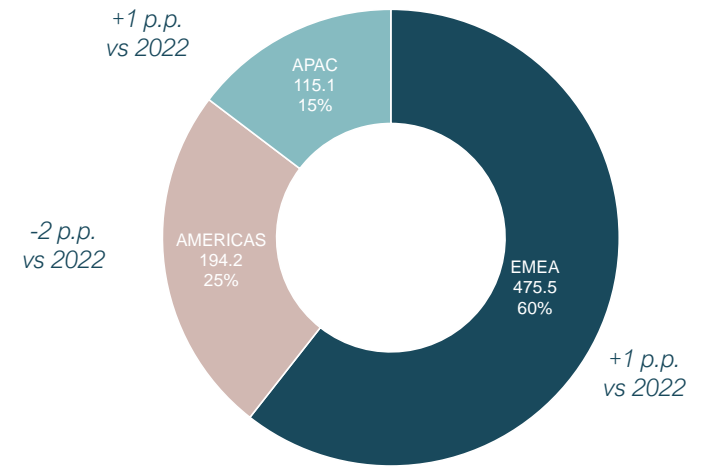
BRAND

(As % of 2023)



REGION

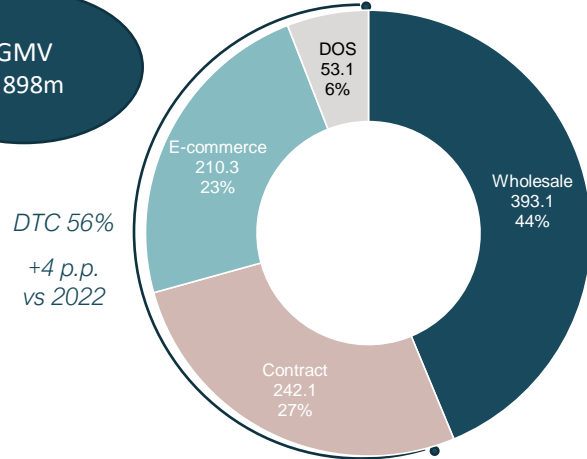
(As % of 2023)



GMV
€ 898m

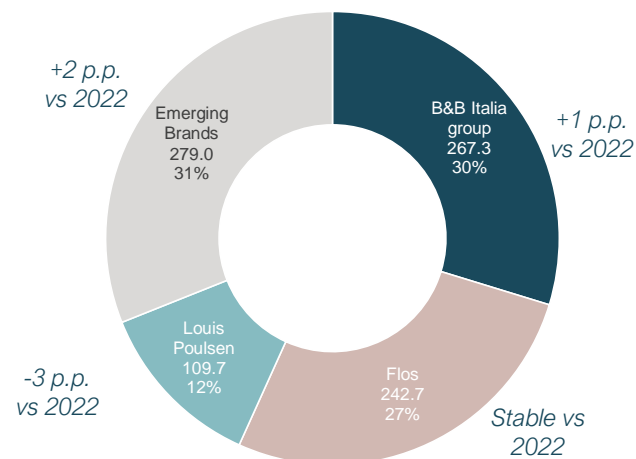
CHANNEL

(As % of 2023)



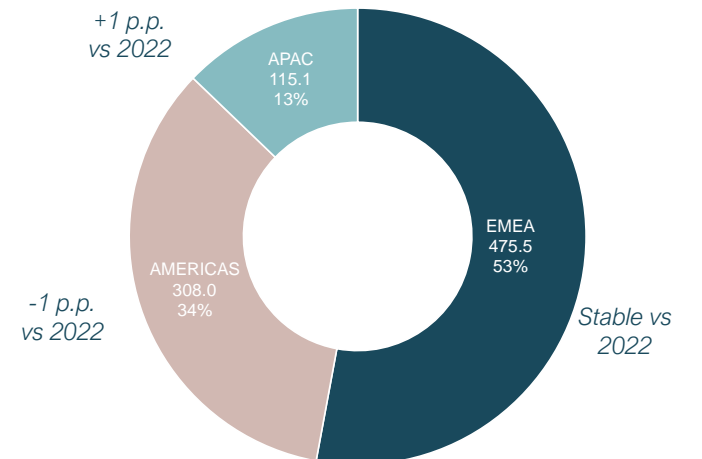
BRAND

(As % of 2023)



REGION

(As % of 2023)

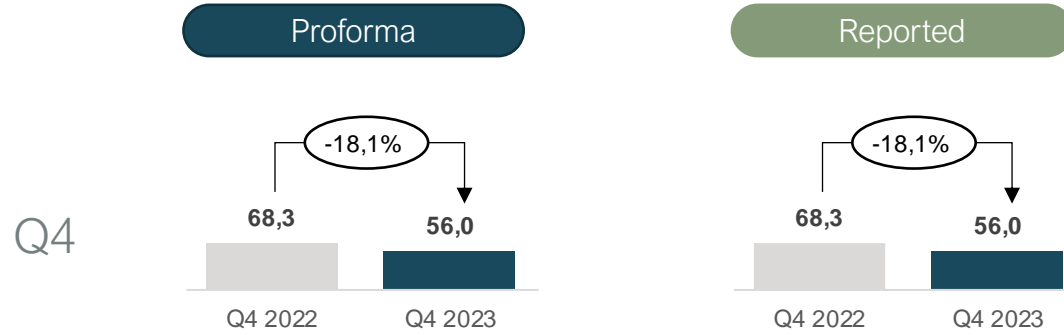


Ebitda margin improvement (from 25,3% to 25,5%), despite sales contraction

12m Proforma EBITDA ⁽¹⁾

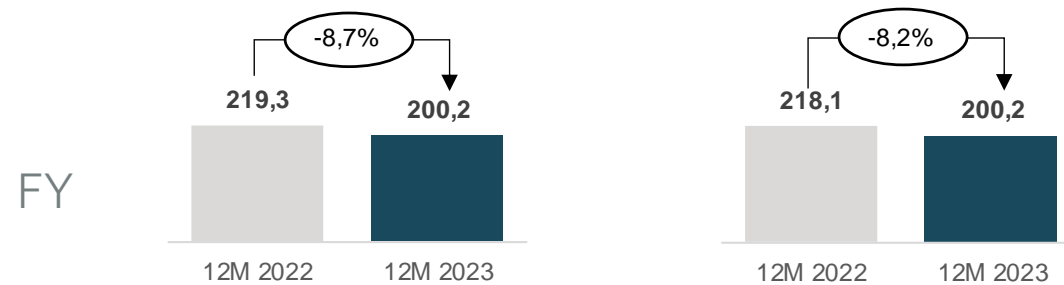
EUR \ MLN

Ebitda Margin %



Ebitda Margin %	Q4 2022	Q4 2023	Q4 2022	Q4 2023
	+29,6%	+27,0%	+29,6%	+27,0%

Q4 2022 record period for the Group

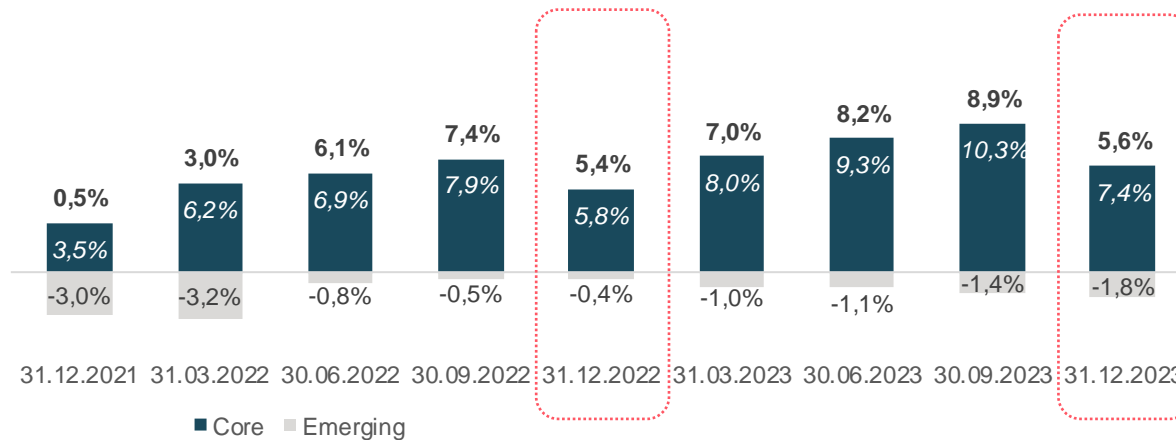


Ebitda Margin %	12M 2022	12M 2023	12M 2022	12M 2023
	+25,3%	+25,5%	+25,8%	+25,5%

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

Reported

Group Working Capital on LTM Sales



Group Working capital

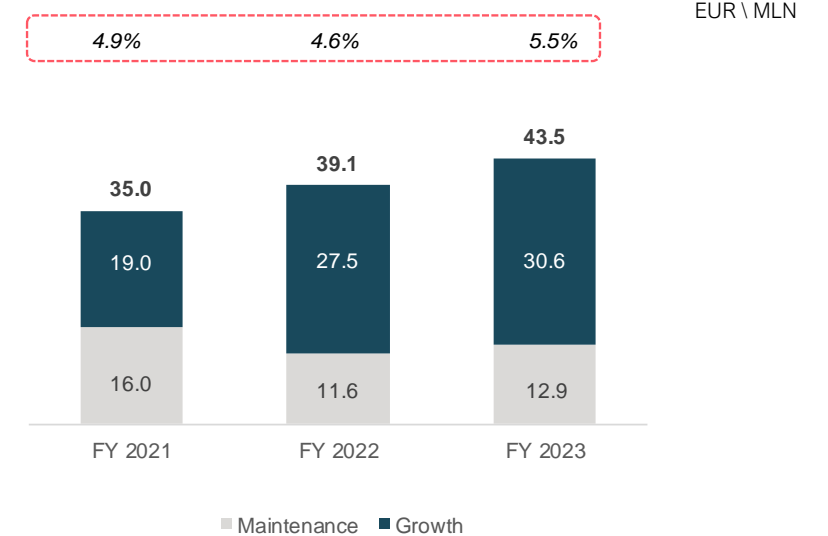
At the end of 2023, the **working capital absorption** was 5,6% on the LTM revenues, broadly in line with December 2022.

Positive effort on **inventory**, down from Euro 160,6 million in December 2022 to Euro 148,2 million in December 31, 2023.

Source: Company information

Group Capital Expenditures

% on Group Revenues



Group Capital Expenditures

Capex: Euro 43,5 million in the 12 months 2023, **5,5% on LTM sales**, higher than the historical Group average.

Over the last three years, the Group has concluded an ambitious investment plan behind the growth of the direct to customer channels, with several initiatives in IT&Digital platforms, DOS renovations and new openings, as well as other investments in our production plants.

Strong operating cash flow, despite lower EBITDA

Group cash flow statement and leverage

EUR \ MLN

Group cash flow Statement

Reported

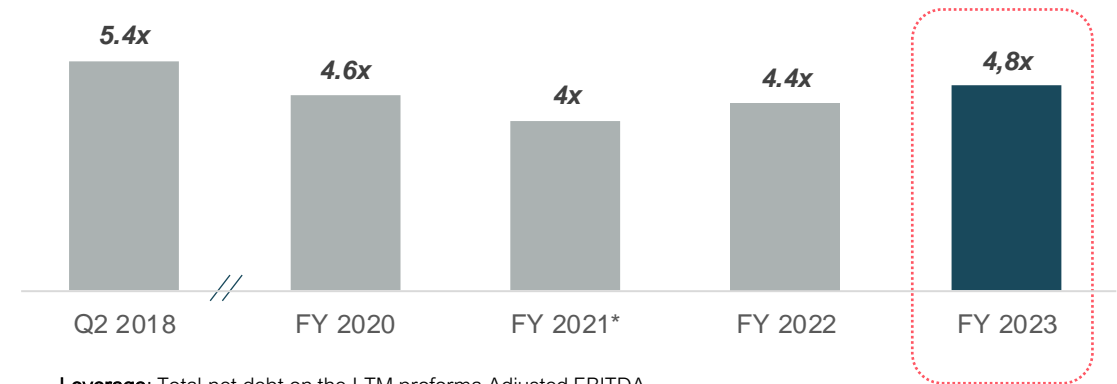
	December 31 2022	December 31 2023
EBITDA adj.	218,1	200,2
Capex payments	(36,2)	(40,4)
Taxes (cash)	(27,5)	(20,5)
Change in net working capital	(25,6)	0,6 1.
Change in other assets and liabilities	0,7	(18,8) 2.
Operating Cash Flow	129,5	121,2
M&A	(74,4)	(39,3) 3.
Financial interest paid	(54,8)	(70,4) 4.
Payment lease liability	(16,2)	(16,5)
Increase/(decrease) in financial payables	(1,3)	25,9 5.
Non recurring expenses, net	(37,8)	(24,0) 6.
Dividends paid to minority interests	(1,2)	(0,9)
Reversal amortized costs one-off for payment 1st bond	-	(8,4)
Cash flow from financing activities	(185,7)	(133,6)
Net change in cash	(56,2)	(12,4)

Key Comments on Group cash flow and Leverage

Operating Cash flow: Euro 121,2 million in 2023, benefitted from lower tax paid and a lower absorption of working capital, however heavily impacted by the change in other assets and liabilities as described below.

- Change in Net working Capital:** almost neutral, benefitting from efforts on inventory reduction.
- Change in other assets and liabilities:** the significant impact of this line in 2023 (Euro -18,8m) mainly refer to the currency translation of balance sheet items, the reduction of Tax payables for the fiscal consolidation, as well as the reduction of payables vs employee with the 2022 comparable helped by a positive one-effect of Fendi Casa license agreement (Euro 5 million).
- M&A:** 2022 included the purchase price (Euro 75m) of Designers Company (AUDO), while in 2023 it includes the first deferred price of the mentioned Company, paid in January 2023 (Euro 39 m).
- Financial interest paid:** the main part refers to the 2023 payments on floating and fixed bonds (Euro 66 million in total). This line includes as well the interest expenses on lease liabilities (IFRS16) and interests on the other loans, such as the RCF.

Leverage



Leverage: Total net debt on the LTM proforma Adjusted EBITDA.

- Increase in financial payables:** The bond value increased by Euro 25 million, from Euro 870 million to Euro 895 million: in November 2023, International Design Group S.p.A. reimbursed the Euro 400 million Senior Secured 6.5% Fixed Rate Notes due 2025 and contextually issued a Senior Secured 10% Fixed Rate Note for Euro 425 million, expiring on 2028.
- Non recurring expenses:** see details in the appendix

Leverage: Total net debt on the proforma Adjusted EBITDA at 4.8x compared 4.4x of FY 2022: the Group Net Financial Position on December 31, 2023 is broadly in line with last year (Eur -959,6m vs -956,8m), however the ratio is affected by the decrease in the adjusted EBITDA.

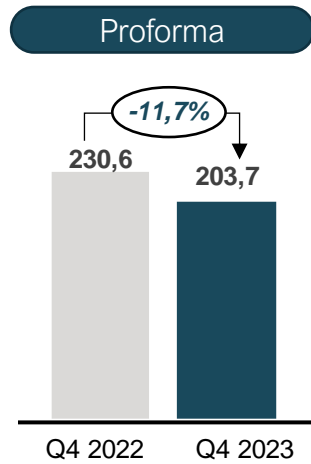


Q&A

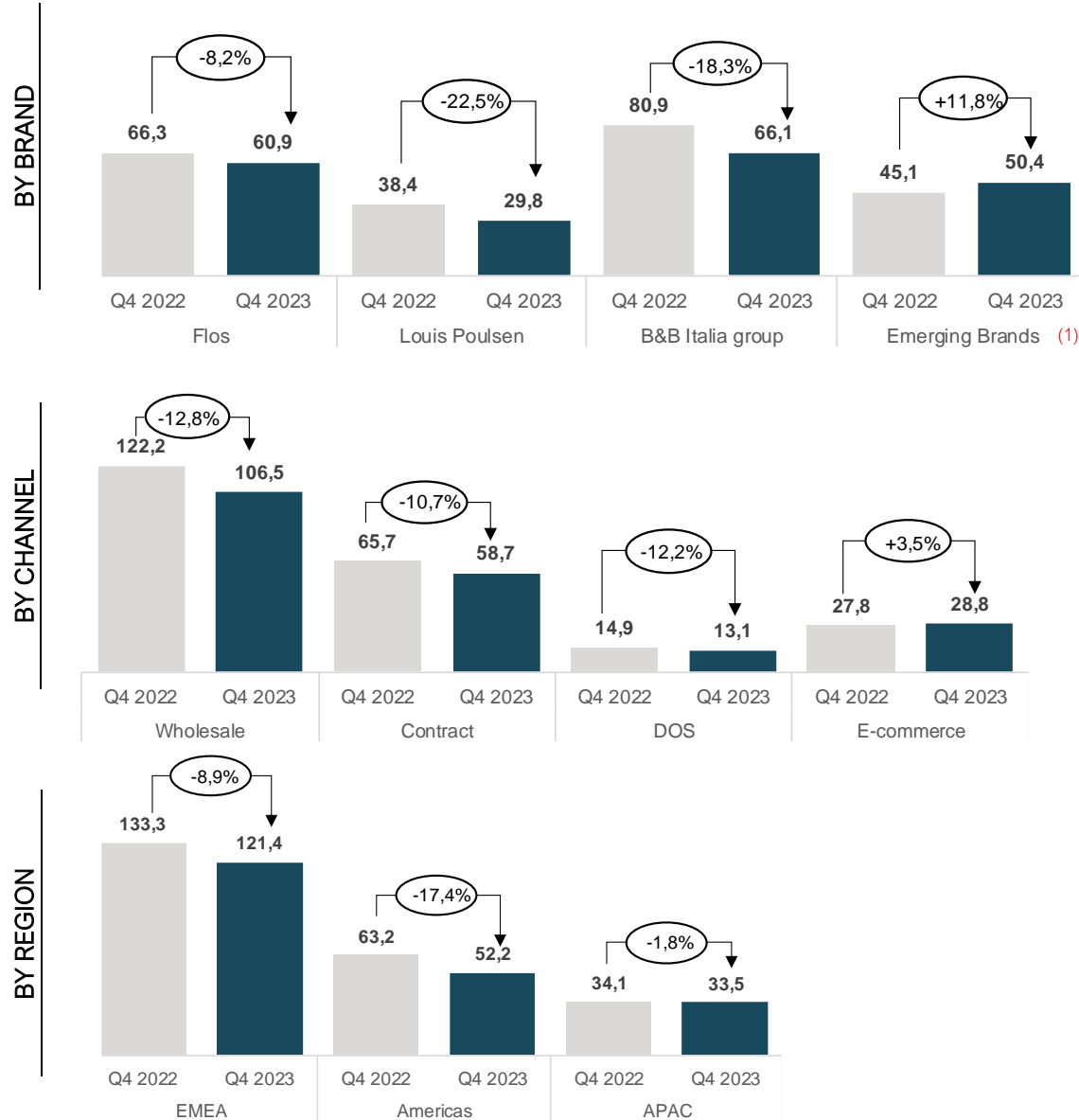
APPENDIX

Proforma Revenues Q4 2023

EUR \ MLN



(1) Emerging Brands includes Fendi Casa, Audo and Lumens (with dropship model: when Lumens sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent),



Profit and Loss and Net financial position

Reported figures

EUR \ MLN

Reported

Profit and Loss reported

EUR / MLN

Profit and loss	2022	2023
Revenues	847.8	787.8
Operating expenses	(629.8)	(587.5)
Non-recurring costs and revenues	(37.8)	(24.0)
EBITDA reported	180.3	176.2
D&A of tang. and Intang. & RoU Depr.	(45.2)	(56.0)
Operating Result - EBIT reported	135.1	120.2
Financial income / Charges	(61.0)	(86.0)
Taxation	(26.2)	(20.1)
Net income / (loss) for the period	47.8	14.0

Revenues for the 12 months 2023 (787.8m) include:

- Eur 784.9m as revenues from contracts with customers
- Eur 2.9m. as other revenues and income

For the 12m 2023 the **non recurring (costs) and revenues** are detailed as follows:

- Management Fees and others to DH - 11.7m
- Group compliance enhancement project - 1.8m
- Rebranding Audo (2023) - 0,8m
- Severance, termination and recruiting one-off – 4.9m
- Transaction Costs on refinancing - 1m
- Start up, Ramp-up cost and disinvestments - +0,8m
- Reversal of PPA inventories (AUDO) - 1m
- Provisions (risks, Inventory, Trade rec.) and other extraordinary expenses - 3.5m (includes the periodic accrual on Inventory for extraordinary scrapping (i.e. Misinto storm in 2023 that damaged the factory and some finish products), extraordinary expenses for few crucial projects (i.e. SAP implementation for the FLOS Group) and other not deductible taxes (i.e. VAT).

Reconciliation: Ebitda reported vs. Ebitda Adj

EUR / MLN

Profit and loss	2022	2023
EBITDA reported	180.3	176.2
Non-recurring costs, impacting EBITDA	37.8	24.0
Adjusted EBITDA	218.1	200.2
D&A of tang. and intang.	(45.2)	(56.0)
Non-recurring costs, impacting EBIT	0.0	2.8
Operating result - ADJUSTED EBIT	172.8	147.0

Net Financial Position (NFP)

EUR / MLN

Net Financial Position	December 31 2022	December 31 2023
Cash and cash equivalents	(88.3)	(76.0)
Senior Secured Notes	870.0	895.0
RCF and Short-Term loan	33.4	35.6
Deferred Price on acquisitions - short term	40.7	0.0
Deferred Price on acquisitions - long term	18.1	19.3
Current and non-current lease liabilities	91.1	87.9
Total net debt	965.0	961.8
<i>EBITDA LTM</i>	<i>219.3</i>	<i>200.2</i>
Leverage	4.4x	4.8x

Leverage: Total net debt on the LTM proforma Adjusted EBITDA

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

On January 2023, the Group paid the **first deferred price** related to the AUDO's acquisition (made in May 2022). The second (and last) deferred price for the AUDO's acquisition (Euro 18.1m) is due in January 2025 and it was included in the Annual report 2023 as "Deferred price on acquisitions – long term".

IFRS Consolidated Statement of Financial Position

FY 2023 Results

EUR \ MLN

Reported

Assets

	December 31 2022	December 31 2023
Cash and Short-Term deposits	88.328	75.952
Trade Receivable	86.961	79.113
Inventories	160.605	148.199
Tax current asset	14.245	17.139
Other current assets	13.088	11.329
Current Assets	363.227	331.732
Goodwill	1.312.315	1.307.172
Brands and other intangible assets	669.853	666.825
Property, plant and equipment	117.638	119.462
Right-of-use assets	81.683	77.495
Investments in joint ventures and associates	40.528	42.593
Deferred tax assets	28.496	27.753
Other non-current assets	11.667	8.782
Non-Current Assets	2.262.181	2.250.081
Assets held for disposal	2.011	2.011
Total Assets	2.627.419	2.583.824

Goodwill: No additional goodwill has been recognized in the period. The changes compared to December 31, 2022 are only related to the exchange rates: for the purposes of the PPA the goodwill emerging from the acquisitions of Louis Poulsen, Lumens (YDesign Group) and Audo were recognized in their local currency and this implies that goodwill fluctuates based on exchange rates with Euro.

Liabilities and Equity

	December 31 2022	December 31 2023
Share capital	5.102	5.102
Share premium reserve and other reserves	1.065.953	1.104.096
Profit/(loss) of the period	48.860	15.210
Group Shareholders' Equity	1.119.916	1.124.408
Minority shareholders' equity	4.109	2.963
Profit/(loss) of the period attributable to minority interest:	(1.043)	(1.157)
Equity attributable to non-controlling interests	3.066	1.805
Total Equity	1.122.982	1.126.214
Current financial liabilities	76.417	43.455
Current lease liabilities	14.759	16.075
Trade payables	145.322	128.106
Advance from Customers	55.310	55.622
Current Tax liabilities	19.951	12.857
Other Current Liabilities	44.913	37.476
Current Liabilities	356.671	293.590
Non-current financial liabilities	877.655	904.243
Non-current lease liabilities	76.302	71.805
Defined benefit plans	7.030	6.554
Provisions for risks and charges	13.326	11.376
Deferred tax liabilities	167.553	164.336
Other non-current liabilities	5.900	5.707
Non-Current Liabilities	1.147.766	1.164.020
Total Liabilities	1.504.437	1.457.611
Liabilities and Shareholders' Equity	2.627.419	2.583.824