

DE' LONGHI

Sector: Consumers

OUTPERFORM

Price: Eu31.08 - Target: Eu37.50

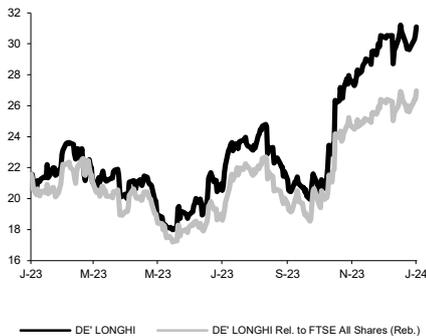
Preliminary Revenues Confirm Momentum

Francesco Brilli +39-02-77115.439
francesco.brilli@intermonte.it
Andrea Randone: +39-02-77115.364
andrea.randone@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	1.5%	1.4%	1.3%

Next Event
FY Results Out 12 March

DE' LONGHI - 12M Performance



Stock Data			
Reuters code:	DLG.MI		
Bloomberg code:	DLG IM		
Performance	1M	3M	12M
Absolute	1.8%	52.5%	44.0%
Relative	2.2%	41.7%	28.8%
12M (H/L)	31.20/18.00		
3M Average Volume (th):	111.12		

Shareholder Data	
No. of Ord shares (mn):	150
Total no. of shares (mn):	151
Mkt Cap Ord (Eu mn):	4,646
Total Mkt Cap (Eu mn):	4,646
Mkt Float - Ord (Eu mn):	1,688
Mkt Float (in %):	36.3%
Main Shareholder:	
The Long E Trust (De'Longhi Fam.)	57.0%

Balance Sheet Data	
Book Value (Eu mn):	2,015
BVPS (Eu):	13.34
P/BV:	2.3
Net Financial Position (Eu mn):	529
Enterprise Value (Eu mn):	4,165

- FY23 revenues slightly ahead of consensus.** De'Longhi has released preliminary FY23 revenues that are almost in line with our estimates and c.1% ahead of consensus (+4% vs. 4Q23 consensus). Results highlighted the company's positive momentum in terms of volumes, with 4Q23 accelerating sequentially (+4.6% YoY vs. +3.3% YoY in 3Q23; -6.1% YoY in 9M23) enabling the year to close in line with guidance for "revenues slightly down YoY". Over the last six months of the year, the Group achieved high single-digit organic growth. 4Q23 revenues came in at Eu1,076.8mn, up 4.6% YoY (+7.9% at constant ForEx) bringing the FY23 figure to Eu3,074mn, down 2.7% YoY or -0.2% at constant ForEx, in line with guidance. Coffee machines continued to drive growth in 2H23, along with the nutrition segment (Nutribullet and Braun brands), which returned to growth.
- Positive indications on FY23 EBITDA developments.** The company also provided constructive indications on profitability, with EBITDA now seen at the upper end of the guidance range at "around Eu440mn" c.+2% vs. current consensus of c.Eu430mn (our estimate Eu434mn). Full results will be disclosed on 12 March. This is positive news, as cautious consensus expectations in the middle of the guidance range provided (Eu420-Eu440mn) are testament to the high uncertainty.
- FY24 expectations are constructive.** The company expressed cautious optimism on 2024, estimating a low to mid-single-digit increase in revenues for the current scope (i.e. excluding the La Marzocco combination). Our FY24 revenue assumptions envisage +3% YoY, +9.4% including the contribution of La Marzocco, while consensus is currently at +6% YoY with a blend of estimates that include and exclude the deal.
- Change in estimates.** We are simply updating our figures to factor in actual FY23 revenues and EBITDA at the top end of the guidance range at Eu440mn. We are not yet including the contribution from the La Marzocco acquisition, although we show a pro-forma P&L until 2025E later in this report. It is not yet confirmed if consolidation will start in March or April, nor have any indications been provided on the growth trajectory of the newly-acquired company.
- OUTPERFORM, target Eu37.5 confirmed.** We are not yet including La Marzocco in our model, as the deal will probably be closed in 1Q24 (March), although we have included a pro-forma table later in this report. We nevertheless remain convinced that business fundamentals are robust, with particularly resilient coffee trends and still-untapped opportunities, especially in areas such as North America and China where the company continues to grow nicely. We believe current results and prospects, especially in the very resilient coffee segment but also in the nutrition arena, show that the worst is over and that the company is now ready to fully benefit from positive momentum, thanks in part to a strong pipeline of product launches that are ready to hit the market in 2024. M&A remains a powerful catalyst for the stock and is becoming increasingly likely.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	3,222	3,158	3,075	3,164	3,274
EBITDA Adj (Eu mn)	515	362	441	472	491
Net Profit Adj (Eu mn)	311	177	252	277	294
EPS New Adj (Eu)	2.081	1.175	1.671	1.837	1.949
EPS Old Adj (Eu)	2.081	1.175	1.646	1.812	1.924
DPS (Eu)	0.743	0.480	0.683	0.750	0.796
EV/EBITDA Adj	9.1	8.2	6.7	8.8	8.2
EV/EBIT Adj	13.4	7.3	7.0		
P/E Adj	14.9	26.4	18.6	16.9	15.9
Div. Yield	2.4%	1.5%	2.2%	2.4%	2.6%
Net Debt/EBITDA Adj	-0.8	-0.8	-1.0	-1.1	-1.4

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein, and any of its parts, is strictly prohibited. None of the contents of this document may be shared with third parties without Company authorization. Please see important disclaimer on the last page of this report