

SEED:S

Social
Environmental
Economic
Development
Sustainability



A SUSTAINABLE
RESULT
IS POSSIBLE.

02.1 financial capital

02.1

financial capital

Financial capital includes the main economic results achieved by the company in 2019, with a particular focus on the economic value that the company's activities created and distributed to its stakeholders.

SDGs



HIGHLIGHTS

+8.8%
production value
in 2019

491
millions of €:
distributed
economic value
as at 31 December
at a consolidated
level

+7.6%
sales volume
compared to 2018

SPECIFIC COMMON BENEFIT GOALS

- This capital is linked to the business' economic goals. Accordingly, it is not directly connected to the specific common benefit goals that define the social and environmental impacts that the company pursues in addition to profit.

OUTCOMES

- Business growth and prosperity.

CHALLENGES

- Ensuring sustainable growth, taking into account the challenges and context.

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The **specific common benefit goals** are the impact targets set out by illycaffè in its articles of association. They are the company's DNA, the identity that drives its business growth, deeply ingrained in all its business operations.

The **outcomes** are the true positive value created by illycaffè through its practices, policies and actions expressed by the capital.

The **challenges** are the obstacles that the context and the sector place before a company in the process of impact creation. Indeed, the latter is an activity that cannot disregard these elements and must describe it transparently.

The **Sustainable Development Goals** are the 17 United Nations' objectives to which illycaffè contributes in various ways with its activities.

Financial capital

Financial results are the data typically used to measure a company's value creation. While financial considerations are central to a business, it is equally clear that today (and in the future) business can no longer be done without striving to positively impact people and the environment.

02.1.1 Financial results

In 2019, illycaffè improved its income and financial results thanks to an increase in sales volumes and a reduction in net costs. Production Value grew by 8.8% compared to 2018. The economic/financial data show an increase in EBITDA compared to the previous year and a net profit of 19 million, also up from 2018. The company benefited from a reduction in costs connected to financial management, which partially offset the normal increase in taxes linked to the benefit of the "Patent Box" in 2018, relating to the 2015-2017 financial years.

The Group's main summary indicators

	2018	2019
ROI	10.7%	13.3%
ROE	13.2%	12.6%
ROS	5.7%	6.9%
NFP/Adjusted EBITDA	1.56	1.47
NFP/EBITDA	1.65	1.55
NFP/Equity	0.85	0.75
Number of employees	1,294	1,405



¹ Introduced by the Italian Government with the 2015 Stability Law, the Patent Box is a tax relief system that permits the exclusion from taxation of a share of income from the use of intellectual property, patents, trademarks, designs, models and other intangible assets.



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With the aim of highlighting the economic value that its business operations have generated and distributed to stakeholders, illycaffè uses the Distributed Economic Value parameter which, as at 31 December 2019 at a consolidated level, amounted to €491.15 million, an increase of 11.9% compared to 2018.

Financial statement items

ITEMS (figures in €)	2018	2019	VAR 2018-2019
GENERATED ECONOMIC VALUE			
a) Revenues	490,510,114	533,646,988	8.8%
b) Financial income	1,006,441	1,366,161	35.7%
(A) Total generated economic value	491,516,555	535,013,149	8.8%
DISTRIBUTED ECONOMIC VALUE			
a) Operating costs	310,760,509	344,274,348	10.8%
b) Staff remuneration	103,973,057	109,822,516	5.6%
C) Credit and risk capital	16,268,438	19,012,774	16.9%
d) Taxes and duties	7,014,988	16,786,718	139.3%
e) Donations and membership fees	1,057,833	1,257,805	18.9%
(B) Total distributed economic value	439,074,825	491,154,162	11.9%
(A-B) ECONOMIC VALUE RETAINED BY THE GROUP	52,441,729	43,858,987	-16.4%

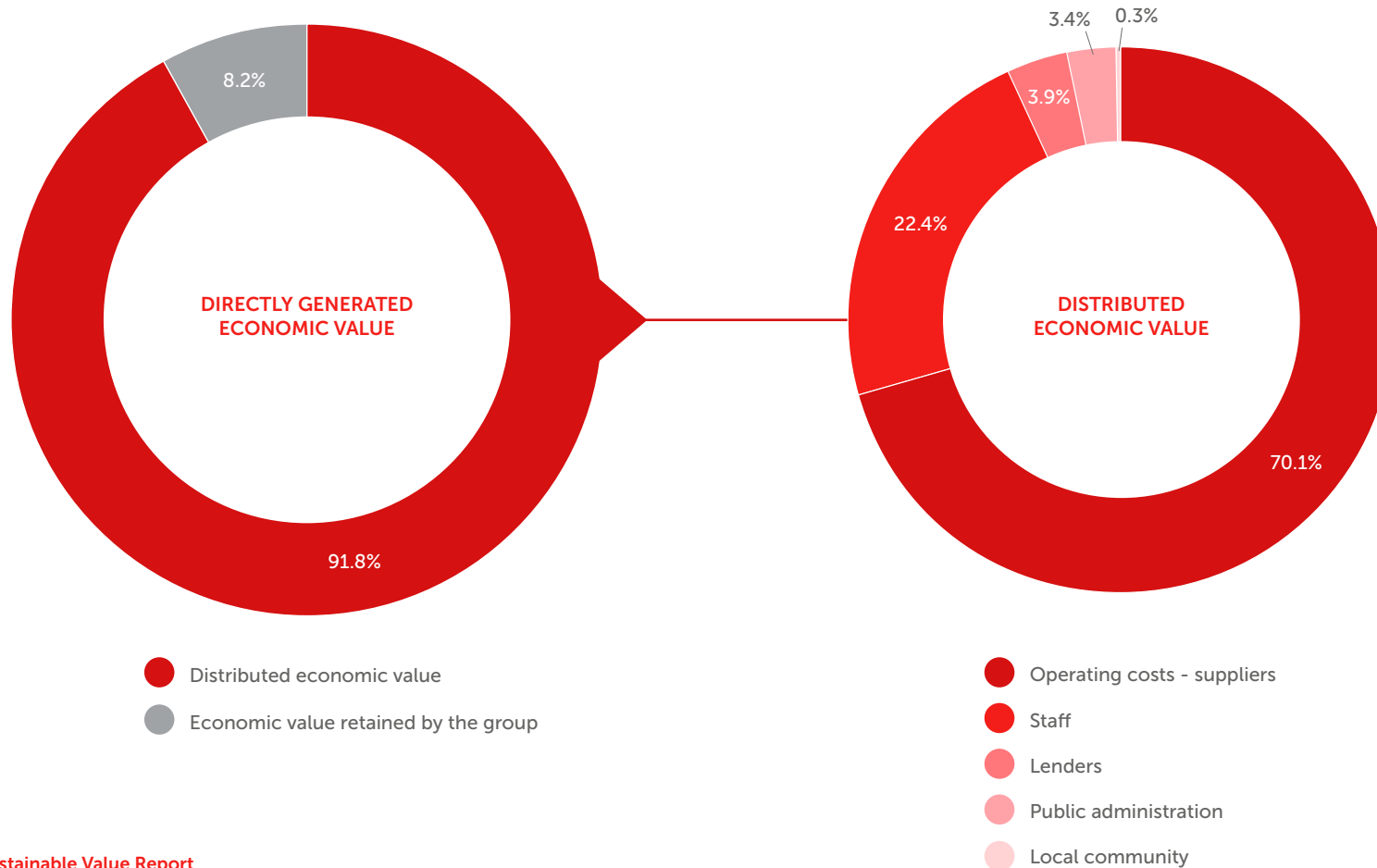
These data represent the relationship between the company and the socio-economic system with which it interacts, an essential aspect for a stakeholder company and *Società Benefit* in particular, in relation to these stakeholders:

- **Suppliers:** remuneration due to the purchase of raw materials and other management services.
- **Human Resources:** direct and indirect remuneration of workers (employees and non-employees).
- **Public Administration:** payment of taxes and duties.
- **Lenders:** remuneration of credit and risk capital.
- **Community:** membership fees and donations.

An analysis of the Economic Value produced and distributed in 2019 (€491.15 million) at a consolidated level shows that:

- The most significant share, 70.1%, was allocated to remuneration of suppliers, in particular to operating and management services and the purchase of raw materials.
- 22.4% was allocated to Human Resources remuneration. This item includes both the provisions of the contractual relationship and a series of costs incurred by the company, such as those for training and the management of the on-site canteen.

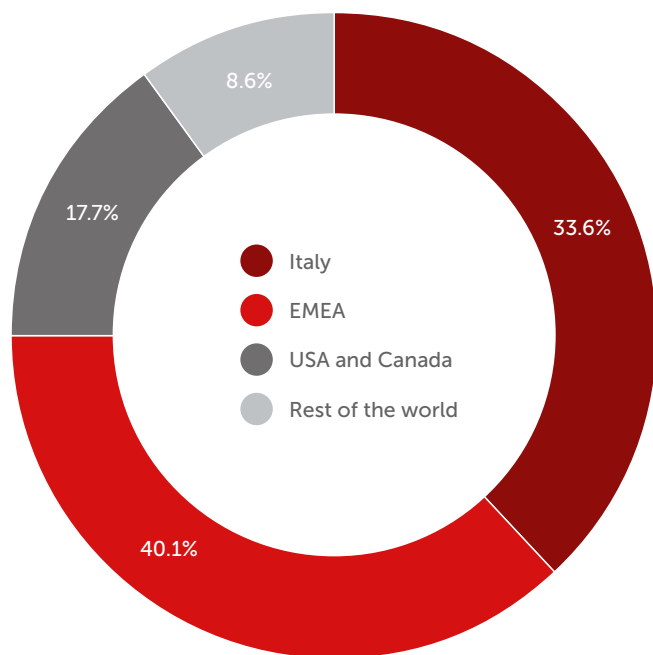
- 3.9% of economic value was distributed to lenders, consisting of dividends to shareholders, minority interests and financial expenses.
- 3.4% was allocated to the Public Administration (State and Local Authorities) in the form of taxes and duties.
- 0.3%, was distributed to the community in the form of social benefit costs (the figure is largely linked to contributions that illycaffè S.p.A. has paid to the Ernesto Illy Foundation) and membership fees.



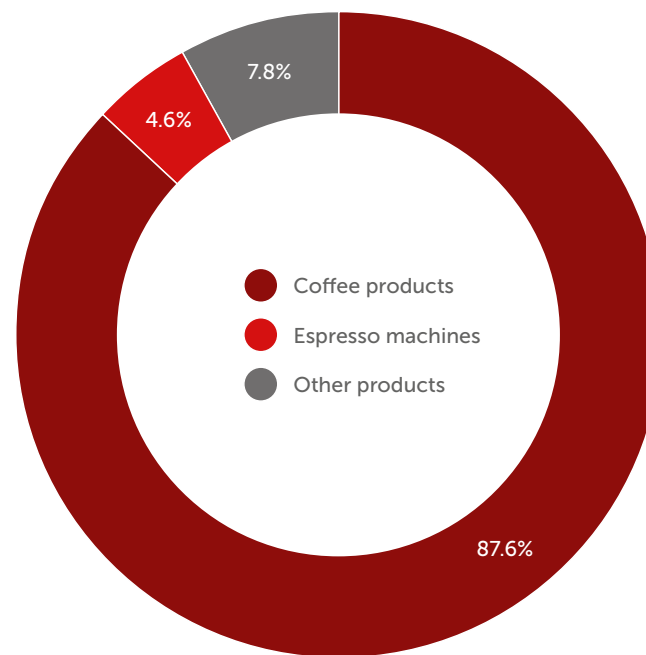
In 2019, sales performance increased compared to the previous year in terms of coffee volume and turnover. Sales of coffee machines also rose, driven by the acceleration campaign for the lperespresso system and pricing policies aimed at maximising the installed base².

Growth data includes both the performance of the countries in which the company operates with direct distribution and that of the countries served via independent distributors. In 2019, Italy generated 33.6% of turnover, while exports accounted for 66.4%.

REVENUES BY GEOGRAPHICAL AREA - 2019



REVENUES BY PRODUCTS - 2019



² number of machines sold