

DE'LONGHI S.p.A. (BIT: DLG)

H1 2026 Update: Premium Coffee Growth and Attractive Returns, with a Modest DCF Upside

PRICE	P/E TTM	P/B	DCF FAIR VALUE	Market Cap
€41.26	~19x	~3x	€43.02 / share	€6.1 bn

BUSINESS MODEL

De'Longhi is a leading supplier of coffee machines and selected domestic household appliances, with a vertically integrated approach to product design, manufacturing, quality and distribution. Coffee represents around 70% of revenue. The consumer portfolio comprises De'Longhi, Kenwood, Braun, Nutribullet and Ariete; professional and prosumer coffee is led by La Marzocco and Eversys. The premium positioning, strong retail distribution, brand recognition and service capabilities support pricing and differentiation. Professional coffee is smaller but structurally more profitable and offers access to specialty-coffee and prosumer demand.

CURRENT BUSINESS PERFORMANCE

FY 2025 revenue increased 8.7% to €3,801m (+10.4% at constant FX); EBIT reached €458m, representing a 12% margin, and attributable net income was €316m. Management reported €458m in free cash flow before dividends and buybacks and a positive net financial position of €465m at year end 2025. H1 2026 revenue grew 5.8% to €1,676m (+8.0% at constant FX); EBIT rose to €218, expanding the margin to 13.1% and attributable net income increased 21.2% to €141m. The improvement reflects strong coffee demand and favourable mix, particularly professional coffee.

MARKET ENVIRONMENT

Coffee remains a resilient premium category despite uneven discretionary spending. European demand remains the largest contributor, while North America and Asia provide longer-term opportunities. In H1 2026, regional growth at constant FX was particularly strong in the Americas (approximately +20%) and positive in Europe (+5%) and APAC (+4%); MEIA was softer due to the Iran war. The Comfort segment benefited from demand for air-conditioning products during a hot spring/summer season, whereas nutrition faced more intense competition, notably in US personal blenders. Foreign-exchange moves, tariffs and sourcing exposure remain important variables.

COMPETITIVE POSITION

De'Longhi's principal advantages are brand strength, integrated product development, broad coverage from entry-level espresso to premium professional systems, and its increasingly valuable La Marzocco/Eversys franchise. Competitors include Groupe SEB, Jura, Nespresso, Breville/Sage and other coffee appliance brands. Competitive conditions are less favourable in blenders, kitchen machines and comfort appliances, where low-cost Asian suppliers exert pressure. The European market-share of De'Longhi is according to some market research outlets at around 27%. This number may not be precise because of market definition problems and fragmentation in various niches, but it certainly shows the strength of De'Longhi in the large European market.

OUTLOOK & VALUATION

FORECAST

Our DCF base case assumes 5.0% annual revenue growth from the FY 2025 base, an 11.7% unadjusted EBIT margin, a 24% effective tax rate and a 9% WACC. We also assume a 2% eternal growth rate. All in all we believe that these assumptions are rather on the conservative side.

VALUATION

The provided 10-year FCFF model discounts cash flows results in an estimate of €43.02 fair value per diluted share. This is approximately 4-5% above the €41.26 reference price. Looking at the P/E multiple of ca. 19 (TTM) and forward P/E consensus of ca. 16 we do neither see this as a particular cheap or expensive valuation. P/B is approximately 3 and dividend yield 2.6%.

CONCLUSION

De'Longhi offers a combination of recognised premium brands, an attractive coffee exposure and a growing, high-margin professional franchise. Its capital returns and cash generation appear sound, and the group has demonstrated resilience after the post-pandemic inventory correction. The key investment debate is whether structural coffee growth and professional mix gains can offset cyclical consumer demand and aggressive competition in non-coffee products. On the attached DCF assumptions, the margin of safety is modest rather than compelling. A higher valuation requires better sustained margins and/or stronger growth than the conservative base case; sensitivity to working capital, minority interests and terminal assumptions should be tested before an investment decision. The history of De'Longhi shows that the majority owning family of the original founder made consistently good strategic decisions to secure a long-term growth path for sales and value. Without compromising the company's DNA management was able to innovate products and expand into promising new segments. We can imagine that under the guidance of the majority owner De'Longhi will continue to flourish.

APPENDIX: KEY FINANCIALS

€m except per share	2024A	2025A	2026E	2027E	2028E
Revenue	3,489.9	3,801.5	3,991.6	4,191.2	4,400.7
EBIT (unadjusted)	430.7	455.9	466.1	489.4	513.9
EBIT margin	12.34%	11.99%	11.68%	11.68%	11.68%

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