

PRESS RELEASE

De'Longhi S.p.A.

The Shareholders' Annual General Meeting, held today in ordinary session:

(i) approved the consolidated 2017 results, confirming the data approved by the Board of Directors held on March 1st, 2017:

as for the "*continuing operations*"¹:

- revenues were up by 6.8% to € 1,972.8 milioni (+6.6% in organic terms);
- Ebitda before non recurring items was up to € 309.5 million, or 15.7% of revenues (vs. € 295.7 million, or 16% of revenues, of 2016);
- expenditures in A&P amounting to € 220.6 million (increasing by € 22.3 million);
- net profit amounted to € 179.7 million, growing by 7.2%;
- net financial position was positive by € 250.6 million, after investments totalling € 122.7 and dividends paid amounting to € 119.6 million;

(ii) approved a dividend of € 1.00 per share;

the distribution of a dividend of € 1.00 per share, gross of any withholding by law, was approved, for a total of € 149.5 million, equal to a pay-out ratio of 83.9%. The coupon detachment date is April 23, 2018, the so-called record date is April 24, 2018 while the payment of the dividend will take place from April 25, 2018.

(iii) expressed its opinion in favour of the 2018 Remuneration Policy;

(iv) approved the enlargement of the number of Directors to 12, appointing Massimiliano Benedetti as the new director until the end of the current Board of Directors' term of office;

(v) approved the appointment of PricewaterhouseCoopers S.p.A. as external auditors for the financial years 2019-2027;

(vi) renewed the authorisation to purchase and dispose of treasury shares.

¹ Following the agreements concerning the sale to the H & T Group of the controlling interest of NPE s.r.l. (as per the press release of February 22), "*continuing operations*" refers to the scope of consolidation that excludes the company NPE s.r.l. (unless otherwise indicated).

2017 results summary, business review and guidance

overview

Year 2017 was characterized by a marked growth in revenues, in line with the management's expectations, thanks to the increased investments that the Group incurred in R&D and advertisement & promotions, in strengthening the production capacity and the sale network.

Said impulse has represented a discontinuity versus year 2016, when the focus of company's strategy was on safeguarding profitability, in light of a general outlook not supportive of the volumes growth.

On the contrary, during 2017, the Group was efficiently addressing the effort of investments to the purpose of the organic growth, which, in turn, like in a virtuous circle, feeds the generation of margins and cash, making this investments sustainable in the long run.

Behind the growth in 2017 were those drivers that the Group identifies as long term accelerators: espresso coffee makers, the Braun product range and expansion markets, mostly North America and the Far East.

revenues

With regard to the "continuing operations":

- consolidated **revenues** stood at € 1,972.8 million, growing by 6.8% (+6.6% in organic terms); in the fourth quarter, revenues amounted to € 734.4 million, up by 7.7% (+9% in organic terms);

	FY 2017		Q4 (Oct. 1st - Dec. 31st)	
	2017	2016	2017	2016
	<i>(Eur million unless specified)</i>			
Revenues	1,972.8	1,846.7	734.4	681.9
<i>change %</i>	6.8%		7.7%	
<i>organic ch. %</i>	6.6%		9.0%	

markets

As regards the markets, growth was rather widely spread, despite a few exceptions, like UK, Italy and the Middle East.

Revenues of the "continuing operations"

<i>EUR million</i>	2017	<i>chg. %</i>	<i>organic chg. %</i>	Q4-2017	<i>chg. %</i>	<i>organic chg. %</i>
North East Europe	513,6	12,5%	10,3%	212,9	17,1%	15,4%
South West Europe	810,7	1,3%	1,7%	302,6	1,5%	2,0%
EUROPE	1.324,2	5,4%	4,8%	515,5	7,4%	7,1%
MEIA (MiddleEast/India/Africa)	128,0	-8,8%	-7,6%	34,2	-27,6%	-22,1%
APA (Asia/Pacific/Americas)	520,6	15,7%	15,7%	184,7	19,4%	24,3%
TOTAL REVENUES	1.972,8	6,8%	6,6%	734,4	7,7%	9,0%

- sales in **South-West Europe**, grown by 1.3% and 1.5% in the 12 months and in Q4 respectively, were impacted by the negative performance of Italy and Turkey; excluding said two countries, growth was equal to 4.3% and 5.1% respectively;
- **North-East Europe** grew by 12.5% in the 12 months and by 17.1% in Q4, thanks mainly to the contribution of Russia, Czech Republic and Poland and despite a suffering UK market; excluding said market, the whole region grew by 22.7% and by 30.7% respectively;
- in the **MEIA (Middle East-India-Africa)** region, the trend was still unfavourable, as a consequence of a generally unstable condition of the economy and of consumption, in addition to a negative currency effect. Topline was down by -8.8% in the 12 months (-7.6% in organic terms) and by -27.6% in Q4 (-22.1% in organic terms);
- lastly, a strong support to growth came from the wide **APA region (Asia-Pacific-Americas)**, which grew by 15.7% in the 12 months and by 19.4% in Q4. It has to be noticed that the Group's penetration of the north-American market was progressing by +28.6%, despite a weakening Dollar; as a result, North America has become the third largest market, after Germany and Italy, thanks to the contribution of coffee makers and Braun products.

products

In fact, coffee makers and Braun products were the main drivers of the positive volume trend in 2017, while products of Kenwood's food preparation segment were showing an opposite trend.

Coffee makers were up double digit and even accelerating in the fourth quarter, sustained by a widely positive trend for all product sub-categories. It is worth underlining the performance of full-automated coffee makers and Nespresso machines, which were back to growth even beyond expectations, thanks to the new distribution agreements for USA and Switzerland and to the newly launched Lattissima One.

As regards the segment of food preparation, the Group was able to retain its leadership with an overall market share of about 15%, rather stable versus the previous year, in a global market showing a slight decline for the second year in a row².

The positive performance of Braun's handblenders and of contact grills was not enough to counterbalance the negative impact on Kenwood's sales (particularly the kitchen machines) of some key markets.

As regards the other product families, the decline of home care products was more than counterbalanced by the growth of portable heating and air conditioning.

² according to market data provided by GFK, excluding USA, India and China.

margins

The growth of the operating margins on one side has benefited from the positive trend of sales together with a positive contribution of the product mix, but on the other side was limited by the effects of competition on average prices and by the increase of raw materials' prices, of commercial costs (mainly advertisement and promotions) and structure costs related to the plan meant to support the growth and the expansion of the distribution network.

Net industrial margin was slightly reduced, by 0.5 percentage point only, from 49.5% to 49% of revenues, up to € 967.3 million.

Ebitda before non recurring items and imputed costs of the stock option plan was improving in absolute value, from € 295.7 million to € 309.5 million, but declining from 16% to 15.7% as a percentage of revenues. However, in Q4, the margin was improving from 20.2% to 20.4%, thus marking a record level also in terms of percentage contribution to the annual Ebitda (48.5% of the annual Ebitda was generated in the quarter).

The increased investments (total € 122.7 million in the year) - whose goal was also to expand the production capacity, which is a key factor to keep up with the growing demand – had an impact on amortization costs, which increased from € 52.6 to € 58.2 million (including € 4.7 million of non recurring depreciation of assets as well).

As a result, **EBIT** was increasing by € 6.1 million (from € 239.3 to € 245.4 million), standing at 12.4% of revenues (€ 132.2 million in Q4, or 18% of revenues).

	FY 2017		Q4 (Oct. 1st - Dec. 31st)	
	2017	2016	2017	2016
	<i>(Eur million unless specified)</i>			
net industrial margin	967.3	914.4	359.3	336.7
<i>% of revenues</i>	<i>49.0%</i>	<i>49.5%</i>	<i>48.9%</i>	<i>49.4%</i>
Ebitda before non recurr. items	309.5	295.7	150.0	138.0
<i>% of revenues</i>	<i>15.7%</i>	<i>16.0%</i>	<i>20.4%</i>	<i>20.2%</i>
Ebitda	303.7	291.9	148.5	137.9
<i>% of revenues</i>	<i>15.4%</i>	<i>15.8%</i>	<i>20.2%</i>	<i>20.2%</i>
Ebit	245.4	239.3	132.2	122.1
<i>% of revenues</i>	<i>12.4%</i>	<i>13.0%</i>	<i>18.0%</i>	<i>17.9%</i>
Net Income (pertaining to the Group)	179.7	167.7	89.0	95.9
<i>% of revenues</i>	<i>9.1%</i>	<i>9.1%</i>	<i>12.1%</i>	<i>14.1%</i>

financial charges

Net financial charges amounted to € 30.8 million, up from € 27.5 million in the previous year, mainly due to higher foreign exchange differences, partially offset by lower hedging costs; excluding this item, financial charges decreased from € 24.9 to € 23.3 million.

In addition, during the year, non-recurring net financial income was recorded for a total of € 14.6 million, including, in addition to minor items, the benefit of the adjustment of the earn-out value due for the acquisition of the perpetual license of the Braun brand and the cost for the early repayment of the bond loan

subscribed by US investors (so-called "US Private Placement") and the related derivative for a total of € 7 million.

net profit

Net profit (pertaining to the Group) amounted to € 179.7 million, an increase of 7.2%, substantially in line with the previous year as a percentage of revenues, thanks to the tax benefits deriving from the reduction in the Italian income tax rate and, above all, from Italian tax incentives related to investments in trademarks and patents provide by the so-called "Patent boxes" regulation, defined by an agreement signed with the Ministry in September and which made it possible to record in 2017 the effects of the incentives for the years 2015 and 2016; as a general effect, the average tax rate for 2017 fell, exceptionally, from 26% to 21.6%.

net financial position

Net financial position as of Dec. 31 was positive by € 250.6 million, down by € 65.6 million from the previous year, after having funded higher investments (totalling € 122.7 million in the year, increased by € 70.3 million) and dividends (total of € 119.6 million, increased by € 53.8 million). Net financial position vs. banks and other lenders was positive by € 271.1 million, down by € 43 million vs. same date of 2016 (€ 314.1 million).

	as of 31.12.2017	as of 31.12.2016
	<i>Eur million</i>	<i>Eur million</i>
net financial position	250,6	316,2
<i>12 months change</i>	<i>-65,6</i>	
bank net financial position	271,1	314,1
<i>12 months change</i>	<i>-43,0</i>	

net working capital

Net working capital, increased by 8.7 million in the 12 months, declined from 13.5% to 13.1% as a percentage of revenues. Due to the positive development of volumes, both trade receivables (€ 401.5 million) and inventories (€ 329.7 million) were increased, not being fully balanced by the higher trade payables (€ 366.1 million); as a result, the operating net working capital to revenues ratio increased from 17.5% to 18.5%;

foreseeable business development and guidance

In light of the positive growth results achieved in 2017, the Group's management will continue to pursue the strategy of a greater commitment on investments in research and development, in communication and marketing, in distribution structures and in expansion markets (such as North America and Greater China).

Management expects for 2018 organic sales growth in the mid-to-high single-digit area and an increase in Ebitda in absolute terms.

Dividend

The Shareholders' Annual General Meeting has approved a dividend of € 1.00 per share, for a total amount of € 149, 5 million, payable starting from April 25, 2018, with ex-coupon on April 23, 2018 and with the so-called record date ex art. 83-terdecies of Legislative Decree no. 58/98 on April 24, 2018, equal to a

payout ratio of 83.9% of the consolidated net profit pertaining to the Group (€ 178.3 million).

Other resolutions passed by the AGM

2018 Remuneration Policy

The Shareholders' Meeting, having examined De' Longhi S.p.A.'s Annual Remuneration Report prepared in accordance with current provisions of law and regulations and published on the Company's website www.delonghigroup.com (section "Investor Relations" – "Governance" – "Annual Shareholders' Meeting" – "2018"), and on the 1Info authorised storage mechanism (www.1info.it), delivered a favourable opinion on the 2018 Remuneration Policy of De' Longhi S.p.A. and on the related adoption and implementation procedures illustrated in Section I of the above Report.

Enlargement of the number of Directors

The Shareholders' Meeting, sharing the proposal of the Board of Directors on this issue, resolved to: (i) increase the number of members on the Board of Directors of De' Longhi S.p.A. from eleven to twelve; (ii) appoint as the new Director, until the end of the current Board of Directors' term of office and therefore until the Shareholders' Meeting held to approve the financial statements at 31 December 2018, Mr Massimiliano Benedetti, an expert in e-commerce, who has already expressed his intention to accept the appointment, and (iii) attribute the newly appointed Director the same annual remuneration as the other members of the current Board, namely Euro 45,000.00. The statement issued by Mr Benedetti before the Shareholders' Meeting concerning his possession of the requirements laid down by current regulations and by the Articles of Association for taking up the office, including those relating to independence required by the Consolidated Law on Finance (TUF) and the Corporate Governance Code for Listed Companies, will be examined by the Board of Directors at its next meeting scheduled for 10 May 2018. Mr Massimiliano Benedetti's CV is attached to the report on the agenda of the Shareholders' Meeting presented by the Board of Directors and available on the Company's website www.delonghigroup.com (section "Investor Relations" – "Governance" – "Annual Shareholders' Meeting" – "2018"), and on the 1Info authorised storage mechanism (www.1info.it).

Appointment of external auditors

The Shareholders' Meeting of De' Longhi S.p.A., having examined the proposal of the Board of Directors and the Recommendation of the Board of Statutory Auditors, resolved to appoint the auditing firm PricewaterhouseCoopers S.p.A. as external auditors for the financial years 2019-2027 and also approved the related remuneration. Following the most usual practice of the main listed companies, the new appointment has been granted one year before the expiry of the current appointment

granted to the auditing company EY S.p.A. on 21 April 2010 which will end with the issue of the report on the financial statements at 31 December 2018, thus completing the maximum, and non-renewable, duration of nine years permitted by law.

Authorization to purchase and dispose of treasury shares

The Shareholders' Meeting then resolved to renew – by revoking the shareholders' meeting resolution adopted on 11 April 2017 – the authorisation for the purchase and disposal of treasury shares up to a maximum of 14.5 million ordinary shares and, in any case, not exceeding one fifth of the share capital, also taking into account any shares held by subsidiaries. The authorisation was approved, in accordance with current provisions of law, for a maximum of 18 months and according to the methods, terms and conditions contained in the above report on the agenda of the shareholders' meeting presented by the Board of Directors, already available in the section of the Company's website mentioned above. It should be noted that to date neither the Company nor its subsidiaries own De' Longhi shares.

Regulatory statement

The manager responsible for the preparation of the company's accounts, Stefano Biella, hereby declares, as per article 154 bis, paragraph 2, of the "Testo Unico della Finanza", that all information related to the company's accounts contained in this press release are fairly representing the accounts and the books of the company.

Contacts

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ANNEXES

Consolidated results of De' Longhi S.p.A.
as of December 31, 2017

1. Consolidated Income Statement

Euro million	2017	% of revenues	2016	% of revenues
CONTINUING OPERATIONS				
Net revenues	1,972.8	100.0%	1,846.7	100.0%
<i>change 2017/2016</i>	126.1	6.8%		
Materials consumed and other production costs (services and production payroll costs)	(1,005.5)	(51.0%)	(932.3)	(50.5%)
Net industrial margin	967.3	49.0%	914.4	49.5%
Costs for services and other operating costs	(481.5)	(24.4%)	(448.7)	(24.3%)
Labour costs (non industrial)	(176.3)	(8.9%)	(170.0)	(9.2%)
EBITDA before non recurring items /stock option plan	309.5	15.7%	295.7	16.0%
<i>change 2017/2016</i>	13.8	4.7%		
Other non recurring items / stock option plan	(5.8)	(0.3%)	(3.8)	(0.2%)
EBITDA	303.7	15.4%	291.9	15.8%
Amortization	(58.2)	(3.0%)	(52.6)	(2.8%)
EBIT	245.4	12.4%	239.3	13.0%
<i>change 2017/2016</i>	6.1	2.6%		
Net financial charges	(30.8)	(1.6%)	(27.5)	(1.5%)
Non recurring net financial income / (charges)	14.6	0.7%	15.9	0.9%
Profit before taxes	229.2	11.6%	227.8	12.3%
Taxes	(49.5)	(2.5%)	(59.3)	(3.2%)
Net profit / (loss) of the Continuing Operations	179.7	9.1%	168.4	9.1%
DISCONTINUED OPERATIONS				
Net profit / (loss) of the Discontinued Operations	(1.5)		(0.2)	
Consolidated net profit / (loss)	178.3	8.9%	168.2	9.1%
Net profit / (loss) pertaining to third parties	-	-	(0.8)	0.0%
Net profit / (loss) pertaining to the Group	178.3	8.9%	167.4	9.0%

2. Revenues breakdown by geography

Euro million	2017	% of revenues	2016	% of revenues	change	change %
North-East Europe	513.6	26.0%	456.5	24.7%	57.1	12.5%
South-West Europe	810.7	41.1%	800.1	43.3%	10.6	1.3%
EUROPE	1,324.2	67.1%	1,256.6	68.0%	67.6	5.4%
MEIA (Middle East/India/Africa)	128.0	6.5%	140.3	7.6%	(12.3)	(8.8%)
USA and Canada	189.5	9.6%	147.3	8.0%	42.1	28.6%
Australia and New Zealand	109.0	5.5%	105.7	5.7%	3.3	3.1%
Japan	80.1	4.1%	72.2	3.9%	7.8	10.8%
Other countries of the APA region	142.0	7.2%	124.5	6.7%	17.5	14.1%
APA (Asia/Pacific/Americhe)	520.6	26.4%	449.8	24.4%	70.8	15.7%
Total revenues of the continuing operations	1,972.8	100.0%	1,846.7	100.0%	126.1	6.8%

3. Consolidated Balance Sheet

Euro million	Continuing Operations			Total Group		
	31.12.2017	31.12.2016	Change	31.12.2017	31.12.2016 (**)	Change
- Intangible assets	320.9	322.7	(1.8)	321.1	323.1	(2.0)
- Tangible assets	233.1	194.9	38.2	240.6	201.6	39.0
- Financial assets	26.1	8.0	18.0	26.0	8.0	18.0
- Deferred tax assets	32.3	38.4	(6.1)	32.6	38.4	(5.8)
Fixed assets	612.4	564.1	48.3	620.3	571.1	49.2
- Inventories	329.7	313.4	16.3	340.2	320.4	19.8
- Trade receivables	401.5	367.9	33.7	406.3	372.8	33.5
- Trade payables	(366.1)	(357.3)	(8.8)	(371.4)	(363.8)	(7.6)
- Other net current assets /(liabilities)	(107.4)	(74.9)	(32.5)	(107.2)	(75.0)	(32.2)
Net working capital	257.8	249.1	8.7	267.9	254.3	13.6
Non current liabilities	(97.5)	(115.1)	17.6	(100.0)	(118.0)	18.0
Net capital employed	772.7	698.1	74.7	788.2	707.5	80.7
Net debt / (net cash) (*)	(250.6)	(316.2)	65.6	(233.5)	(306.6)	73.1
Total shareholders' equity	1,023.3	1,014.3	9.0	1,021.7	1,014.0	7.7
Total net debt/(cash) and shareholders' equity	772.7	698.1	74.7	788.2	707.5	80.7

(*) Net financial position as at Dec. 31, 2017 comprises net financial liabilities amounting to € 20.5 million (net assets amounting to € 2.1 million as at Dec. 31, 2016) related to the fair value of derivatives, financial liabilities for business combinations and transactions for pension funds.

(**) Comparative figures were redetermined following the final accounting of the business combination relating to NPE s.r.l. as required by IFRS 3, *Business combinations*.

4. Detailed Net Financial Position

Euro million	Continuing Operations			Total Group		
	31.12.2017	31.12.2016	change	31.12.2017	31.12.2016 ^(*)	change
Cash and cash equivalents	664.7	458.0	206.7	668.0	461.4	206.6
Other financial receivables	8.3	35.7	(27.4)	8.2	25.7	(17.5)
Current financial debt	(138.3)	(106.2)	(32.1)	(150.6)	(109.3)	(41.3)
Current net financial assets	534.7	387.4	147.2	525.6	377.8	147.8
Non current net financial debt	(284.1)	(71.2)	(212.9)	(292.1)	(71.2)	(220.9)
Total net financial position	250.6	316.2	(65.6)	233.5	306.6	(73.1)
<i>Of which:</i>						
- net financial position versus banks and other lenders	271.1	314.1	(43.0)	254.1	307.5	(53.5)
- net assets / (liabilities) other than bank debt (fair value of derivatives, financial liabilities for business combinations and financial payables connected to pension funds)	(20.5)	2.1	(22.7)	(20.5)	(0.1)	(19.6)

(*) Comparative figures were redetermined following the final accounting of the business combination relating to NPE s.r.l. as required by IFRS 3, Business combinations.

5. Consolidated Cash Flow Statement

Euro million	Continuing Operations		Total Group	
	2017	2016	2017	2016 (*)
Cash flow from operations	277.6	286.2	277.3	289.1
Cash flow from changes in working capital	(67.5)	(37.2)	(73.4)	(42.4)
Cash flow from operations and working capital	210.1	249.0	204.0	246.8
Cash flow from investments	(122.7)	(52.5)	(124.1)	(59.9)
Operating cash flow	87.4	196.5	79.9	186.8
Dividends	(119.6)	(65.8)	(119.6)	(65.8)
Changes in <i>Cash flow hedge</i> reserves	(14.5)	4.2	(14.6)	4.2
Cash flow from other changes in the net equity	(19.0)	(7.5)	(18.8)	(7.5)
Cash flow from changes in the net equity	(153.0)	(69.1)	(152.9)	(69.1)
Net cash flow	(65.6)	127.4	(73.1)	117.7
Opening net financial position	316.2	188.9	306.6	188.9
Closing net financial position	250.6	316.2	233.5	306.6

(*) Comparative figures were redetermined following the final accounting of the business combination relating to NPE s.r.l. as required by IFRS 3, *Business combinations*.