Treviso, November 8, 2018

DēLonghi Group

PRESS RELEASE

De'Longhi S.p.A.

Nine months 2018 results

Today, the Board of Directors of De' Longhi SpA has approved the consolidated[1] results as of September 30, 2018.

In the nine months, at a consolidated level, the Group has achieved:

- **revenues up 5% to € 1,300.3 million (+ 9% organic[2]);**
- **Adjusted[3] EBITDA up to € 162.2 million (+ 1.7%), equal to 12.5% of revenues and Ebitda at € 157.1 million, equal to 12.1% of revenues;**
- **adjusted net profit up to € 85.8 million and net profit of € 82 million;**
- **positive Net Financial Position of € 54.5 million.**

In the third quarter, the Group achieved:

- **net revenues of € 445.6 million, up by 5.7% (+ 7.4% organic);**
- **an adjusted Ebitda of € 53.1 million, equal to 11.9% of revenues, and an Ebitda of € 52.1 million, equal to 11.7% of revenues.**

In light of the results of the first nine months and of the first signs provided by the fourth quarter, management is confident to be able to achieve, for the current year, an organic revenue growth at a high single digit rate and an adjusted Ebitda in line with the high end of the consensus range.

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[1] all data here presented are referring to the "***continuing operations***", which identify Group consolidated figures as determined on the basis of a consolidation perimeter excluding NPE s.r.l. , as a result of the preliminary agreement reached with the Chinese group H&T on February 22, 2018, for the sale of the majority stake of NPE.

[2] "***Organic***" stands for at constant exchange rates and excluding the impact of derivatives.

[3] "***Adjusted***" stands for before non recurring items, inputed costs of the stock options plan and the related tax effect.

Results summary

	9 months (Jan. 1st - Sept. 30th)		3rd quarter (July 1st - Sept. 30th)	
	2018	2017	2018	2017
	(Eur million unless specified)			
Revenues	**1.300,3**	1.238,4	**445,6**	421,7
change %	*5,0%*		*5,7%*	
organic ch. %	*9,0%*		*7,4%*	
net industrial margin	**617,6**	607,7	**210,5**	206,6
% of revenues	*47,5%*	*49,1%*	*47,2%*	*49,0%*
Ebitda *adjusted* (*)	**162,2**	159,5	**53,1**	53,0
% of revenues	*12,5%*	*12,9%*	*11,9%*	*12,6%*
Ebitda	**157,1**	155,2	**52,1**	50,5
% of revenues	*12,1%*	*12,5%*	*11,7%*	*12,0%*
Ebit	**112,9**	113,2	**35,0**	35,3
% of revenues	*8,7%*	*9,1%*	*7,9%*	*8,4%*
net financial charges	**-14,0**	-19,0	**-5,0**	-7,9
non recurring net financial charges	**0,0**	15,3	**0,0**	5,4
Net Income (pertaining to the Group)	**82,0**	90,8	**26,0**	33,3
% of revenues	*6,3%*	*7,3%*	*5,8%*	*7,9%*

(*) before non recurring items and inputed costs of the stock options plan.

At the level of "continuing operations", in the first nine months of 2018 the De 'Longhi Group achieved the following results:

- **Revenues** of € 1300.3 million, up 5.0% (+ 9.0% at the organic level, after a negative exchange rate and hedging effect of € 48.6 million);
- a **net industrial margin** of € 617.6 million, down from 49.1% to 47.5% of revenues, mainly due to the negative impact of exchange rates and hedging (€ 23.4 million), a price effect and the increase in the cost of raw materials;
- an **adjusted EBITDA** of € 162.2 million, up 1.7%, but slightly down on revenues from 12.9% to 12.5%; however, the adjusted Ebitda net of foreign exchange and hedging impact was 12.3% of revenues, a value substantially in line with the previous year (12.4%);
- after non-recurring charges and figurative costs of the stock option plan, **Ebitda** stood at € 157.1 million (€ 155.2 million in 2017), substantially in line with the previous year and equal to 12.1% of revenues;
- an operating result (**EBIT**) of € 112.9 million, equal to 8.7% of revenues;
- **net financial charges** of € 14.0 million, down by € 4.9 million, compared to 2017;
- an **adjusted net profit** of € 85.8 million, up by € 3.4 million compared to 2017, and a **net profit** of € 82.0 million, down by € 8.8 million.

With regard to the **third quarter**, the Group achieved revenues up by 5.7% to € 445.6 million (+ 7.4% at organic level), delivering an adjusted EBITDA in line with the previous year to € 53.1 million, equal to 11.9% of revenues (vs. 12.6% of the previous year).
However, at constant exchange rates, adjusted EBITDA increased from 12.1% to 12.4% as a margin on revenues.
Operating income (Ebit) amounted to € 35.0 million, while adjusted net profit amounted to € 26.7 million; finally, net profit amounted to € 26 million.

As to the balance sheet:

- **net working capital** amounted to € 386.6 million, equal to 19.0% of revenues, increasing vs. the previous year (€ 340.4 million, equal to 17.7% of revenues);
- the **net financial position** as at September 30 was positive for € 54.5 million, down from September 2017 (€ 94.6 million). Compared to the end of 2017 (€ 250.6 million), the NFP decreased by € 196.1 million, of which € 149.5 million were dividends distributed in the first half and € 44.6 million were investments.

	as of 30.9.2018	as of 31.12.2017	as of 30.9.2017
	Eur million	*Eur million*	*Eur million*
net financial position	**54,5**	250,6	94,6
change in the 9 months	*-196,1*		
change in the 12 months	*-40,1*		
bank net financial position	**59,0**	271,1	108,9
change in the 9 months	*-212,1*		
change in the 12 months	*-49,9*		

Business review

general outlook

The third quarter confirmed the path of organic growth shown in the first half of the year, despite a challenging economic and competitive environment.
In continuity with the first six months, the favorable growth trend of the coffee segment was confirmed, supported by strong dynamics of the full-automatic machines.

At the same time, the market scenario highlighted pressures on the cost of raw materials (in any case in line with the company's expectations) and on prices in some product categories.

Despite this context, the Group managed to achieve, in the quarter, an adjusted Ebitda growing at constant exchange rates from 12.1% to 12.4%, confirming the important contribution of the organic operating leverage.

It is also worth of note the presence of a negative currency impact on revenues exceeding expectations, equal to about 4 percentage points of growth in the nine months and 1.7 percentage points in the quarter, mainly attributable to the US Dollar, the Ruble and the Australian Dollar.

markets

More in detail, at an organic level, in the nine months all geographic regions have grown, with a trend that was particularly favourable for the MEIA region, accelerating versus the previous quarters, and for the APA and North-East Europe regions, growing double-digit.

EUR million	**9 months 2018**	*chg. %*	*organic chg. %*	**3rd Quarter 2018**	*chg. %*	*organic chg. %*
South West Europe	520,6	*2,5%*	*3,4%*	168,1	*-1,2%*	*-0,3%*
North East Europe	327,2	*8,8%*	*14,3%*	123,0	*8,8%*	*14,8%*
EUROPE	847,8	*4,8%*	*7,4%*	291,1	*2,8%*	*5,7%*
APA (Asia/Pacific/Americas)	357,9	*6,6%*	*13,0%*	119,5	*11,1%*	*10,4%*
MEIA (MiddleEast/India/Africa)	94,6	*0,8%*	*7,8%*	35,1	*13,2%*	*13,4%*
TOTAL REVENUES	1.300,3	*5,0%*	*9,0%*	445,6	*5,7%*	*7,4%*

In the nine months:

- **South-West Europe** maintained an overall moderate growth, albeit with an uneven performance at the level of individual markets, with a more critical context especially in the Mediterranean area, while Germany, the Group's leading market, continued its positive trend of growth. It should be noted that the performance of the region was affected, especially in the quarter, by the decision of Nestlé to take over the direct distribution of the Nespresso OEM machines to the Nespresso boutiques; net of this effect, the region would have grown by 1.7% in the quarter;

- **North-East Europe** grew double digit, with a very strong trend in all the main countries, Russia, Poland and Benelux in the lead, while the weakness of the United Kingdom continued, down by about 7% in the third quarter ;

- the **APA** region (Asia-Pacific-Americas) has been growing, but with a significant currency impact, especially in the first half (while in the third quarter the currency effect was slightly positive); worth noting is the strong increase in sales in North America (which became the Group's second market after Germany), Japan and greater China, also supported by the growth of the coffee segment;

- the performance of the **MEIA** region (Middle East-India-Africa) accelerated, growing double-digit in the third quarter both at nominal and organic levels, even if with different dynamics among the different countries (we point out the weakness of Saudi Arabia contrasted by the recovery of Egypt).

products

The **coffee machines** segment continues to be the main driver of growth, with a strong expansion in the full-automatic family and a good increase in the sales of manual machines; with regard to the capsule systems segment, the performance was negatively affected by the difficult comparison of the Nespresso machines with the previous year's quarter (which benefited from the launch of the Lattissima One model) and, in the Dolce Gusto segment, by the gradual exit from some markets decided by Nestlé; moreover, the capsule machines segment was impacted, especially in the South-West Europe region, by the decision of Nestlé to take over the direct distribution of the Nespresso OEM machines to the Nespresso boutiques.

In the **food preparation** segment, the slight decrease in sales, both in the nine months and in the third quarter, is mainly attributable to the exchange rates effect, leaving room to a substantial stabilization at an organic level; in particular, the weakness of the *kitchen machines* and the *breakfast* segment continued, while the growth of the Braun branded *hand blenders* was confirmed, besides an organic recovery of the *food processors* in the quarter.

The **comfort** segment (portable heating and air treatment) grew strongly, with a marked acceleration in the third quarter driven by air conditioning and treatment, despite the negative currency impact.

Finally, the Braun branded **ironing** segment continued to grow, especially in the steam generators family.

operating margins

The trend in margins was negatively affected by the impact of the currencies (however, to a very small extent compared to the impact suffered on revenues), by an increase in raw material costs (but in line with expectations) and by a re-positioning of prices in some strongly growing markets.

These effects weighed primarily on the **net industrial margin**, which stood at € 617.6 million in the nine months, up in absolute terms, but down as a percentage of revenues (from 49.1% to 47.5%).

The **adjusted Ebitda** increased from € 159.5 to € 162.2 million, up by 1.7%, reaching 12.5% of revenues (12.9% in 2017), while in the quarter it was amounting to € 53.1 million, in line with the previous year.
However, in organic terms, therefore excluding the exchange rate and hedging effects, the adjusted Ebitda in the quarter improved, as a margin on revenues, from 12.1% to 12.4%.

In support of this result, there was an effective control of the structure fixed costs as well as a substantial stability of the incidence on revenues of the advertisement and promotional costs, without however jeopardizing the actions aimed at supporting the launch of new products and the presence in the points of sale.

After amortization increased by € 2.2 million (most of which in the quarter) from € 42 million to € 44.2 million, **Ebit** amounted to € 112.9 million (8.7% of revenues) in the first nine months, down by only € 0.3 million compared to the previous year, with a similar trend in the third quarter (€ 35.0 million compared to € 35.3 million in 2017).

financial charges

In the nine months, **net financial charges**, for the ordinary operations, decreased by € 4.9 million, reaching € 14.0 million. In the quarter, the improvement of this item, equal to € 2.9 million, is almost entirely attributable to the management of liquidity and currencies.

It is also worth reminding the presence, in the nine months of 2017, of non-recurring financial income of € 15.3 million (mainly related to the revision of the fair value of Braun's earn-out), while this component is totally absent in the current year.

net profit

Net profit pertaining to the Group amounted to € 82.0 million, down from € 90.8 million in 2017, which however benefited from the non-recurring financial income referred to in the previous paragraph.

We also highlight, at the taxation level, the positive contribution of the benefits deriving from the "patent box" legislation and from the tax credit on research and development costs.

the Net Financial Position

As to the balance sheet, the **net financial position** as at September 30, 2018 is positive for € 54.5 million, down by € 40.1 million compared to the position at the same date of the previous year, mainly due to the increase in distributed dividends (+ 29, 9 million in 2018).

The cash flow of the nine months was negative for € 196.1 million, mainly due to the distribution of dividends for € 149.5 million, investments for € 44.6 million and cash absorption by operations and working capital (€ 12.7 million, related to the typical infra-annual cash cycle).

With regard to **net working capital**, we note an increase of the ratio on revenues from 17.7% (in September 2017) to 19.0%; in terms of working capital dynamics, the sustained sales growth trend has led to an increase in inventories and trade receivables, the latters offset by the increase in trade payables.

Events occurred after the end of the period

There are no significant events occurred after the end of the period.

Foreseeable business development and *guidance*

In light of the nine-month results and the first signs provided by the fourth quarter, which show a continuity in the trend of organic growth, the company's management is confident to be able to achieve for the current year an organic growth in revenues at a high single digit rate and an adjusted Ebitda value in line with the top end of the consensus range.

Regulatory statements

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.

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ANNEXES

Consolidated results of De' Longhi S.p.A.

as of September 30, 2018

1. Consolidated Income Statement

Euro million	**30.09.2018**	**% of revenues**	**30.09.2017**	**% of revenues**
CONTINUING OPERATIONS				
Net revenues	**1,300.3**	**100.0%**	**1,238.4**	**100.0%**
change	*62.0*	*5.0%*		
Materials consumed and other production costs (services and production payroll costs)	(682.8)	(52.5%)	(630.7)	(50.9%)
Net industrial margin	**617.6**	**47.5%**	**607.7**	**49.1%**
Costs for services and other operating costs	(323.1)	(24.8%)	(316.1)	(25.5%)
Labour cost (non industrial)	(132.3)	(10.2%)	(132.1)	(10.7%)
Ebitda before non recurring items and stock option plan	**162.2**	**12.5%**	**159.5**	**12.9%**
change	*2.7*	*1.7%*		
Other non recurring items / stock option plan	(5.0)	(0.4%)	(4.3)	(0.3%)
EBITDA	**157.1**	**12.1%**	**155.2**	**12.5%**
Amortization	(44.2)	(3.4%)	(42.0)	(3.4%)
EBIT	**112.9**	**8.7%**	**113.2**	**9.1%**
change	*(0.3)*	*(0.3%)*		
Net financial charges	(14.0)	(1.1%)	(19.0)	(1.5%)
Non recurring net financial income / (charges)	-	-	15.3	1.2%
Profit before taxes	**98.9**	**7.6%**	**109.5**	**8.8%**
Taxes	(16.9)	(1.3%)	(18.7)	(1.5%)
Net profit of the *Continuing Operations*	**82.0**	**6.3%**	**90.8**	**7.3%**
DISCONTINUED OPERATIONS				
Net profit of the *Discontinued Operations*	(0.6)		(1.2)	
Net profit pertaining to the Group	**81.4**	**6.1%**	**89.5**	**7.1%**

2. Revenues breakdown by geography

Euro million	30.09.2018	%	30.09.2017	%	change	change % %	organic change %
South-West Europe	520.6	40.0%	508.0	41.0%	12.6	2.5%	3.4%
North-East Europe	327.2	25.2%	300.7	24.3%	26.5	8.8%	14.3%
TOTAL EUROPE	**847.8**	**65.2%**	**808.7**	**65.3%**	**39.1**	**4.8%**	**7.4%**
APA *(Asia / Pacific / Americhe)*	**357.9**	**27.5%**	**335.8**	**27.1%**	**22.1**	**6.6%**	**13.0%**
MEIA *(Middle East / India / Africa)*	**94.6**	**7.3%**	**93.8**	**7.6%**	**0.8**	**0.8%**	**7.8%**
Total revenues	**1,300.3**	**100.0%**	**1,238.4**	**100.0%**	**62.0**	**5.0%**	**9.0%**

3. Consolidated Balance Sheet

Euro million	30.09.2018	30.09.2017	31.12.2017	change 30.09.18 – 30.09.17	change 30.09.18 – 31.12.17
- intangible assets	319.2	322.2	320.9	(3.0)	(1.7)
- tangible assets	233.5	223.6	233.1	9.9	0.4
- financial assets	27.1	27.1	26.1	0.0	1.0
- deferred tax assets	42.7	45.1	32.3	(2.4)	10.3
Fixed assets	**622.4**	**618.0**	**612.4**	**4.5**	**10.0**
- inventories	519.4	454.7	329.7	64.8	189.7
- trade receivables	285.0	256.6	401.5	28.5	(116.5)
- trade payables	(346.5)	(317.2)	(366.1)	(29.3)	19.6
- other net current assets / (liabilities)	(71.4)	(53.7)	(107.4)	(17.7)	36.0
Net working capital	**386.6**	**340.4**	**257.8**	**46.3**	**128.9**
Non current liabilities	**(105.1)**	**(116.0)**	**(97.5)**	**10.9**	**(7.6)**
Net capital employed	**904.0**	**842.3**	**772.7**	**61.6**	**131.2**
Net debt / (cash)	**(54.5)**	**(94.6)**	**(250.6)**	**40.1**	**196.1**
Total shareholders' Equity	**958.5**	**936.9**	**1.023.3**	**21.6**	**(64.9)**
Total net debt /(cash) and shareholders' equity	**904.0**	**842.3**	**772.7**	**61.6**	**131.2**

4. Detailed Net Financial Position

Euro million	30.09.2018	30.09.2017	31.12.2017	change 30.09.18 – 30.09.17	change 30.09.18 – 31.12.17
Cash and cash equivalents	400.3	488.7	664.7	(88.4)	(264.4)
Other financial receivables	49.1	29.5	8.3	19.6	40.8
Current financial debt	(132.9)	(114.5)	(138.3)	(18.5)	5.4
Current net financial assets / (debt)	**316.5**	**403.7**	**534.7**	**(87.3)**	**(218.2)**
Non current net financial assets / (debt)	**(262.0)**	**(309.1)**	**(284.1)**	**47.2**	**22.1**
Total Net Financial Position	**54.5**	**94.6**	**250.6**	**(40.1)**	**(196.1)**
of which:					
- Net financial position versus banks and other lenders	*59.0*	*108.9*	*271.1*	*(49.9)*	*(212.1)*
- Net assets /(liabilities) other than bank debt (fair value of derivatives, financial liabilitiesfor business combinations and financial payables connected to pension funds)	*(4.5)*	*(14.3)*	*(20.5)*	*9.8*	*16.0*

5. Consolidated Cash Flow Statement

Euro million	**30.09.2018 (9 months)**	**30.09.2017 (9 months)**	**31.12.2017 (12 months)**
Casfh flow from operations	148.2	149.3	277.6
Cash flow from working capital	(160.9)	(117.3)	(67.5)
Cash flow from investments	(44.6)	(103.5)	(122.7)
Operating cash flow	**(57.4)**	**(71.5)**	**87.4**
Dividend distributed	(149.5)	(119.6)	(119.6)
Cash flow from changes in the *Fair value* and *Cash flow hedge* reserves	3.3	(14.9)	(14.5)
Cash flow from other changes in the Net Equity	7.5	(15.7)	(19.0)
Cash flow from changes in the Net Equity	**(138.7)**	**(150.2)**	**(153.0)**
Net Cash Flow	**(196.1)**	**(221.6)**	**(65.6)**
Opening Net Financial Position	250.6	316.2	316.2
Closing Net Financial Position	**54.5**	**94.6**	**250.6**