

PRESS RELEASE

De'Longhi S.p.A.: preliminary revenues 2018

In 2018 the De'Longhi Group achieved revenues to about € 2,077 million growing by 5.3%, thanks to a fourth quarter up by 5.7% to around € 776 million. In organic terms¹, revenues were growing by 8.3% in the year and by 7.1% in the fourth quarter, so confirming management's expectations.

The C.E.O., Fabio de' Longhi commented:

"In the year just ended the challenging competitive scenario and a more difficult economic situation in the recent months have required us to respond to major changes in the markets and demand, adopting a more aggressive management of the commercial strategy, with the primary objective of ensuring adequate support to our products.

We are therefore very pleased to have fully reached our growth targets for 2018, achieving a sustained sales' progression consistently from quarter to quarter and increasing our leadership in key segments. In the 12 months and the fourth quarter we have grown in all geographical areas, with a strong performance in the coffee and comfort segments, accompanied by clear signs of stabilization in the food preparation sector.

Although in a market context that looks complex even in 2019, these results confirm the extraordinary opportunity for global growth, especially for what concerns coffee and the world of cooking".

¹ "Organic" stands for at constant exchange rates and excluding the impact of derivatives.

2018 revenues by geography and product line²

In 2018 all regions were contributing to the growth.

<i>EUR million</i>	12 months 2018	<i>chg. %</i>	<i>organic chg. %</i>	4th Quarter 2018	<i>chg. %</i>	<i>organic chg. %</i>
South West Europe	823.7	1.6%	2.4%	303.1	0.2%	0.7%
North East Europe	552.2	7.5%	12.4%	225.0	5.7%	9.7%
EUROPE	1,376.0	3.9%	6.2%	528.1	2.5%	4.4%
APA (Asia/Pacific/Americas)	564.8	8.5%	12.8%	206.9	12.0%	12.5%
MEIA (MiddleEast/India/Africa)	136.0	6.2%	10.9%	41.4	21.1%	19.4%
TOTAL REVENUES	2,076.7	5.3%	8.3%	776.4	5.7%	7.1%

South-West Europe showed a heterogeneous growth in the 12 months (+ 1.6% at current exchange rates and + 2.4% in organic terms), with some central European markets in positive territory, such as Germany, Austria and Switzerland, and other markets in the Mediterranean area - such as Italy, France, Spain and Portugal - in negative territory. The growth in the fourth quarter was modest, penalized above all by the decline of Italy and Switzerland.

North-East Europe (+ 7.5% at current exchange rates and + 12.4% in organic terms) grew strongly in 12 months, with organic double-digit progressions in many markets, including Poland, Russia, Benelux and the Czech Republic. We emphasize the recovery in the last quarter for UK, up 5.9% at current exchange rates and 6.5% in organic terms.

In the **APA** region (Asia-Pacific-Americas), the growth (+ 8.5% at current exchange rates and + 12.8% in organic terms) was driven by North America (+ 24.6% in organic terms) which has become the second largest market in the group after Germany and before Italy. Moreover we highlight the good performance of the main Asian countries – greater China, Japan and Korea - while Australia and New Zealand were down due mainly to exchange rates.

Finally, the **MEIA** region ended year 2018 with a progression of 6.2% (+10.9% in organic terms), accelerating in the fourth quarter (+ 19.4% at organic level), having benefited from a recovery of Egypt and the Gulf countries, while South Africa declined, due to some discontinuities in its product portfolio.

In terms of product segments, the **coffee machines** achieved double digit growth for the year, thanks to the constant positive contribution of full-automatic and manual models. The Nespresso product segment closed slightly up, penalized by the partial discontinuity of the sales of OEM machines to Nespresso boutiques, as already previously reported, while the Lattissima models, manufactured internally, showed strong growth.

² the split by product lines is based on management accounts.

The **cooking and food preparation** segment was slightly down in the year, despite a stabilization of Kenwood's kitchen machines (up in the fourth quarter) and a good performance of *contact grills* and *handmixers*; in particular, sales of the breakfast and blending categories were weak.

As for the remaining segments, we report a double-digit growth, both in the year and in the quarter, of the **comfort** sector (portable heating and cooling) thanks to a favourable climate environment both in summer and winter, and the success of the new Braun's ironing systems launched in the third quarter, which supported the expansion of the **cleaning and ironing** segment, which grew double-digit in organic terms in the fourth quarter.

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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