Treviso, May 10 2017

DeLonghi Group

PRESS RELEASE

De'Longhi S.p.A.

The Board of Directors today has approved the consolidated results of the first quarter of 2017:

- **Revenues at € 390.5 million, up by +8.4% compared with the first quarter of 2016, +6.3% in organic terms[1];**
- **Net Industrial margin increased to € 190.2 million (+3.2%);**
- **Ebitda at € 51.4 million, in line with first quarter 2016 despite the higher media investments;**
- **Net income increased to € 25.1 million compared with € 24.8 of first quarter 2016;**
- **Positive net financial position worth € 321.9 million, improved by € 14.3 million as against December 31, 2016; bank net financial position positive for € 333.3 million (€ 307.5 million at December 31, 2016).**

CEO Fabio de' Longhi stated:*"we are pleased with the start of the year, especially the acceleration in organic growth, which shows the initial benefits of the investment plan in advertising and promotion, which we expect will continue to support future growth. The positive volume trend allowed operating leverage to contribute to expand the industrial margin and to compensate for higher media investments. The first quarter confirms our confidence in reaching 2017 targets: organic revenue growth at "mid-single-digit" rates and an improvement of Ebitda in absolute terms".*

[1] "Organic" stands for at constant exchange rates and excluding the impact of derivatives. 2017 perimeter includes NPE srl, following the lease of company agreement as per the press release issued on 23/09/2016. In the first quarter of 2017, the inclusion of NPE srl in the consolidation perimeter had an impact on revenues of about € 8.1 million.

Results summary

- **Revenues** in the first quarter were € 390.5 million, up by +8.4% as compared with € 360.3 million in the first quarter of 2016 and up by +6.3% in organic terms.

	Q1 (1° Jan - 31 Mar) 2017	2016
(Eur million unless specified)		
revenues	**390.5**	360.3
chg %	*8.4%*	
% chg organic	*6.3%*	

The acceleration of volume growth, with a positive impact on profitability through operating leverage, allowed for an improvement of the net industrial margin and compensated for, at Ebitda level, higher supply chain and advertising and promotion costs, the latter part of an investment plan to support future growth.

- **Net industrial margin** reached € 190.2 million (48.7% of revenues), improving from € 184.3 million of the first quarter of 2016 (51.1% of revenues); at constant perimeter, net industrial margin would have been equal to 49.6% of revenues;

- **Ebitda** was about stable, at € 51.4 million (13.2% of revenues), compared with € 51.5 million of the previous year (14.3% of revenues);

- Operating income **(Ebit)** was € 38.5 million, 9.8% as percentage of revenues, compared with € 39.4 million in the first quarter of 2016 (10.9% of revenues);

- Financial expenses were slightly down and stood at € 6.2 million from € 6.6 million in the first quarter of 2016;

- **Net income** pertaining to the Group, finally, was equal to € 25.1 million, improving from € 24.8 million of the previous year and equal to 6.4% of revenues.

	Q1 (1° Jan - 31 Mar) 2017	2016
(Eur million unless specified)		
net industrial margin	**190.2**	184.3
% of revenues	*48.7%*	*51.1%*
Ebitda	**51.4**	51.5
% of revenues	*13.2%*	*14.3%*
Ebit	**38.5**	39.4
% of revenues	*9.8%*	*10.9%*
Net Income	**25.1**	24.8
% of revenues	*6.4%*	*6.9%*

Regarding the balance sheet, the **net financial position** was positive for € 321.9 million, improving by € 14.3 million compared with year-end 2016.
With an increase of € 25.8 million as against the end of 2016, the bank financial position, positive as well, stood at € 333.3 million; over the past 12 months, the bank financial position recorded an improvement of € 102.7 million.

	as of 31.03.2017 *Eur million*	as of 31.12.2016 *Eur million*	as of 31.03.2016 *Eur million*
net financial position	**321.9**	307.6	190.4
change in 12 months	*131.5*		
bank net financial position	**333.3**	307.5	230.6
change in 12 months	*102.7*		

Net working capital stood at € 250.5 million (13.4% of revenues) slightly increasing as compared with March 31, 2016 (€ 246.4 million, equal to 13.1% of revenues); at constant perimeter, NWC as of 31 March 2017 would have been equal to 12.7%.

Business review: Q1 2017

Overview

In the first quarter of 2017, the global market of small domestic appliances offered several growth opportunities, despite weakness in certain markets or product categories.

From a regional standpoint, Continental Europe and the APA area showed the strongest growth rates; this was coupled with a decline in Middle-East-India-Africa, linked to the prolonged depression in consumer spending, also evident in 2016.

As for products, the coffee machine segment showed the strongest development, overall up by 15%; at a global level, consumers show a clear preference for products that enable a better beverage consumption experience at home, both in mature markets and in those that more recently have approached espresso coffee.
Within the kitchen segment, the reduction in sales of food preparation products, kitchen machines in particular, was mitigated by the positive trend of hand blenders and slow juicers. Mobile air conditioners were up as well, whereas ironing revenues declined.

Markets

Revenues - million Euro	Q1- 2017	% chg.	% chg. at constant FX
North East Europe	91.8	10.5%	9.0%
South West Europe	166.4	5.7%	5.9%
EUROPE	258.2	7.3%	6.9%
MEIA (MiddleEast/India/Africa)	29.7	-7.6%	-11.5%
APA (Asia/Pacific/Americas)	102.7	17.2%	10.8%
TOTAL REVENUES	390.5	8.4%	6.3%

The first quarter of 2017 shows an improvement, as compared with quarter four of 2016, in all geographies.

The *Asia-Pacific-Americas* region (revenues +17.2%, +10.8% in organic terms), benefits from the significant improvement in USA, Canada and Greater China, up in the double digits, driven by Braun products and the coffee segment. Revenues were up also in Japan.

In Europe (revenues +7.3%, +6.9% in organic terms), the positive trend of the continental markets continues, in particular East Europe, Germany, France, the Nordics and the Iberian peninsula. Revenues in the UK were down, affected by currency devaluation which erased the positive organic revenue trend, in a market environment which shows a decline in all the main categories of small domestic appliances for food preparation. Revenues in Russia were up, owing to the revaluation of the local currency which compensated for the revenue decline in organic terms.

The revenue decline in the MEIA (*Middle East-India-Africa*) region is linked to actions to reduce stock levels with certain relevant clients in Saudi Arabia; such strategy should foster a trend improvement in the remainder of the year. Excluding the mentioned market, revenues in the MEIA region would have been up by about 9% in organic terms in the first quarter.

Products

The revenue trend by product line shows the leading role of coffee makers, overall up by +15% with the positive contribution of all main categories:

- Espresso coffee makers, fully automatic and manual,
- Single-serve coffee makers, with Nescafè DolceGusto and the recently acquired distribution agreements with Nespresso compensating for the lower revenues of "Lattissima" products,
- Filter coffee makers, up strongly in North America.

In the cooking and food preparation segment, revenues from Braun products continued to grow, especially in North America and the Far

East, where the brand's global leadership in hand blenders is reaffirmed.

Despite the positive contribution of the new spin juicers, up in the double digits over the course of the first quarter, the Kenwood brand was overall down, especially in the kitchen machine segment, due to the reduction in the demand of certain relevant markets, such as the UK and the Middle East.
Finally, products for portable conditioning and heating were up as well.

Operating margins

Faster growth in volumes, through operating leverage, allowed the Group to improve the Net Industrial Margin, which reached € 190.2 million, equal to 48.7% of revenues.

Despite the increase of transportation costs, for the higher load volume and increased transportation rates, raw materials and investments in Advertisement and Promotion, Ebitda in the first quarter of 2017 was about stable as compared with the previous year, at € 51.4 million equal to 13.2% of revenues.

At constant Exchange rates and excluding hedging, Ebitda for the first quarter of 2017 would have been equal to € 45.0 million, with a positive foreign exchange and hedging effect worth € 3.4 million (as against the first quarter of 2016 which excluding hedging equals € 48.6 million).

Financial expenses

Net financial expenses were slightly down, from € 6.6 million to € 6.2 million, mostly due to a reduction in foreign exchange charges.

Net income

Net income pertaining to the Group was slightly up, from € 24.8 million to € 25.1 million, standing at 6.4% of revenues (6.9% in the first quarter of 2016).

Events occurred after the end of the quarter

On April 12, 2017 the De'Longhi Group reached an agreement, the closing of which is expected by July 2017, for the acquisition of the 40% of Swiss Group Eversys, with the option to purchase the remaining 60% thought a "put & call" mechanism within, at most, June 30, 2021 (but not earlier than 2 years after the closing date).
This agreement marks the entry of the De'Longhi Group in the professional espresso coffee machine market, with a focus on fully automatic models.
The initial maximum cash out is expected to be approximately CHF 21 million for the 40% equity participation (please see press release of April 12, 2017).

Foreseeable business development and guidance

The market of small domestic appliances, and the results of the first quarter of the current year, confirm the 2017 expectations of the Group’s management, as detailed in the guidance shared with the approval of full year 2016 results.

In particular, for 2017, the Group expects to grow revenues in organic terms at mid-single-digit rates and, with regards to profitability, to improve Ebitda in absolute terms, not necessarily as a percentage of revenues, in a context of expected neutrality of foreign exchange rates and taking into account the higher investments in research and development, media and production capacity.

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.

The financial results as of March 31, 2017 are published in accordance with the resolution of the Board of Directors which decided to continue to approve and publish, on a voluntary basis and in addition to the annual and half-year reports as per art. art. 154-ter of D. Lgs. n. 58/1998 (“TUF”), the consolidated interim reports in accordance with the terms applied in the past.

The Company highlights that the interim report, in compliance with art. 154-ter, comma 5 of T.U.F., is unaudited.

Contacts

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ANNEXES

Consolidated results of De'Longhi SpA
as of March 31, 2017

1. Consolidated income statement

€ million	Q1 2017	% of revenues	Q1 2016	%of revenues
Net revenues	390.5	100.0%	360.3	100.0%
Change 2016/2015	*30.3*	*8.4%*		
Materials consumed and other production costs (services and production payroll costs)	(200.3)	(51.3%)	(176.0)	(48.9%)
Net Industrial margin	190.2	48.7%	184.3	51.1%
Cost for services and other operating costs	(93.1)	(23.8%)	(90.7)	(25.2%)
Labour cost (non industrial)	(45.7)	(11.7%)	(42.0)	(11.7%)
EBITDA	51.4	13.2%	51.5	14.3%
Change	*(0.1)*	*(0.3%)*		
Amortization	(12.9)	(3.3%)	(12.1)	(3.4%)
EBIT	38.5	9.8%	39.4	10.9%
Change	*(1.0)*	*(2.5%)*		
Net financial charges	(6.2)	(1.6%)	(6.6)	(1.8%)
Profit before taxes	32.3	8.3%	32.9	9.1%
Taxes	(7.3)	(1.9%)	(7.9)	(2.2%)
Profit / (Loss) of the period	25.1	6.4%	25.0	6.9%
Profit (loss) pertaining to minority interests	-	-	0.1	0.0%
Profit (loss) pertaining to the Group	25.1	6.4%	24.8	6.9%

2. Revenues breakdown by geography

€ million	Q1 2017	%	Q1 2016	%	Chg.	% Ch.
North East Europe	91.8	23.5%	83.0	23.1%	8.7	10.5%
South West Europe	166.4	42.6%	157.5	43.7%	9.0	5.7%
EUROPE	258.2	66.1%	240.5	66.8%	17.7	7.3%
MEIA (Middle East/India/Africa)	29.7	7.6%	32.1	8.9%	(2.5)	(7.6%)
APA (Asia/Pacific/Americas)	102.7	26.3%	87.6	24.3%	15.0	17.2%
Total revenues	390.5	100.0%	360.3	100.0%	30.3	8.4%

3. Consolidated balance sheet

€ million	31.03.2017	31.03.2016	31.12.2016	Chg. 31.03.17 – 31.03.16	Chg. 31.03.17 – 31.12.16
- Intangible assets	327.1	321.8	327.8	5.2	(0.7)
- Tangible assets	199.1	194.3	196.5	4.8	2.6
- Financial assets	8.6	8.1	8.0	0.6	0.6
- Deferred tax assets	43.1	41.1	38.4	1.9	4.7
Fixed assets	577.9	565.3	570.7	12.5	7.2
- Inventories	402.0	374.8	320.8	27.2	81.2
- Trade receivables	232.4	211.5	372.8	20.9	(140.4)
- Trade payables	(322.7)	(297.6)	(365.3)	(25.1)	42.7
- Other net current assets / (liabilities)	(61.3)	(42.4)	(74.5)	(18.9)	13.2
Net working capital	250.5	246.4	253.7	4.1	(3.3)
Non-current liabilities	(116.5)	(100.5)	(118.0)	(16.0)	1.5
Net capital employed	711.8	711.2	706.4	0.6	5.4
Net cash	(321.9)	(190.4)	(307.6)	(131.5)	(14.3)
Total shareholders' equity	1,033.7	901.6	1.014.0	132.1	19.7
Total net financial position and shareholders' equity	711.8	711.2	706.4	0.6	5.4

4. Detailed net financial position

€ million	31.03.2017	31.03.2016	31.12.2016	Chg. 31.03.17 – 31.03.16	Chg. 31.03.17 – 31.12.16
Cash and cash equivalents	477.1	355.7	461.4	121.3	15.6
Other financial receivables	15.0	4.7	25.7	10.3	(10.6)
Current financial debt	(101.3)	(57.8)	(108.3)	(43.5)	7.0
Net current financial assets	390.8	302.7	378.8	88.1	12.0
Non-current financial debt	(68.9)	(112.3)	(71.2)	(43.4)	(2.3)
Total net financial position	321.9	190.4	307.6	131.5	14.3
of which:					
- positions with banks and other financial payables	*333.3*	*230.6*	*307.5*	*102.7*	*25.8*
- net financial assets/(liabilities) other than bank debt (fair value of derivatives and options, financial payable connected to business combinations and the pension fund transaction)	*(11.4)*	*(40.2)*	*0.1*	*28.8*	*(11.5)*

5. Consolidated cash flow statement

€ million	31.03.2017 (3 months)	31.03.2016 (3 months)	31.12.2016 (12 months)
Cash flow from operations	43.8	44.6	286.3
Cash flow from changes in working capital	1.7	(2.9)	(43.2)
Cash flow from investments	(15.4)	(10.0)	(55.1)
Operating cash flow	**30.0**	**31.7**	**187.9**
Dividends	-	-	(65.8)
Change in Fair value and Cash flow hedge reserves	(11.4)	(16.0)	4.2
Cash flow from other changes in the the net equity	(4.4)	(14.2)	(7.5)
Cash flow from changes in the net equity	**(15.8)**	**(30.2)**	**(69.1)**
Net cash flow	**14.3**	**1.6**	**118.8**
Opening net financial position	307.6	188.9	188.9
Closing net financial position	**321.9**	**190.4**	**307.6**

The consolidated cash flow statement as of 31.03.2016 has been restated adjusting the Net Working Capital flows to account for the impacts of the conversion of intercompany balances expressed in currencies other than the Euro, included among the cash flows from changes in net equity.