Treviso, July 28th, 2016

PRESS RELEASE

De'Longhi S.p.A.
FIRST HALF 2016 RESULTS:
NET INCOME +32.1% AT € 49.4 MILLION

The Board of Directors of De'Longhi S.p.A. approved the first half 2016 results: revenues +0.3% at € 791 million at constant exchange rates and excluding derivatives (€ 771.9 million at current exchange rates, -2.4%) and Ebitda before non recurring items +29.5% at € 107.2 million at constant exchange rates and excluding derivatives (€ 106.6 million at current exchange rates, +11.8%, equal to 13.8% of revenues). Net income amounted to € 49.4 million (up 32.1%). Positive net financial position of € 173.5 million (improving by € 69.5 million in the 12-month period), bank and other lenders financial position positive for € 205.9 million (improving by € 84.4 million).

Summary

Second quarter April 1st- June 30th, 2016

- net revenues decreased slightly to € 411.6 million (-2.5% (1)); at constant exchange rates, revenues were up by +0.6% (1), improving from the first quarter;
- net industrial margin reached € 197.5 million (+1.7%(1)), equal to 48.0% of revenues (46.0% in the second quarter of 2015);
- Ebitda grew to € 52.3 million (+9.0%(1)), or 12.7% of revenues (11.4% of revenues in the second quarter of 2015);
- excluding nonrecurring items worth € -2.7 million, Ebitda (€ 55.0 million) recorded a 14.6%(1) growth reaching 13.4% of sales;
- operating income (Ebit) improved to € 40.3 million (from € 35.3 million), and was 9.8% of revenues (8.4% in the second quarter of 2015).

First half January 1st- June 30th, 2016

- net revenues were € 771.9 million (-2.4%(1)), +0.3%(1) at constant exchange rates and excluding derivatives (+0.1% at constant exchange rates (1));
- net industrial margin improved by 3.3%(1) to € 381.8 million (49.5% of revenues, as compared with 46.7% in the first half of 2015);
- Ebitda improved to € 103.9 million (+8.9%(1)), or to 13.5% of revenues (improving from the 12.1% of 2015);
- Ebitda before non recurring items was € 106.6 million (+11.8%(1)), or 13.8% of revenues;
- operating income (Ebit) improved by 13.4%(1) to € 79.8 million (growing from 8.9% to 10.3% of sales);
- net income stood at € 49.4 million (€ 37.4 million in 2015);
- positive net financial position worth € 173.5 million (positive for € 104 million on June 30th, 2015 and positive € 188.9 million at year-end 2015).

(1) as compared with the same period of the previous year

Group results

The Board of Directors of De'Longhi S.p.A. approved today the first half 2016 results.

The first six months of 2016 confirm the ability of the company to leverage its leadership and pursue growth in profitability, notwithstanding a context of consumer spending which continues to be challenging in several markets and in presence of an unfavorable foreign exchange scenario.

With regards to the second quarter it is worth highlighting that, when excluding the MEIA region (Middle East-India-Africa), the Group achieved a +4.5% organic sales growth, and that Kenwood showed an improvement in performance, recording +3% organic growth rates in North-Eastern and South-Western Europe. Additionally, the positive trend of espresso coffee makers was confirmed.

revenues

Revenues for the first half of 2016 were affected by the difficult market conditions in geographical areas such as the Middle East, Russia, Brazil, Turkey and the United Kingdom; such trend was counterbalanced by growth in the main markets of Continental Europe and the APA (Asia-Pacific-Americas) region, allowing the Group to achieve approximately stable revenues in organic terms (+0.1%), due to the mentioned acceleration of growth in the second quarter.

The Group ended the first six months of 2016 with slightly lower net revenues (-2.4%), while nearly stable at constant exchange rates (+0.1%).

In the second quarter, organic revenue growth stood at +0.6% (+4.5% when excluding MEIA, as mentioned), marking an improvement against the -0.6% recorded in the first quarter, while at current exchange rates revenues were down by -2.5%.

	H1 2016		**Q2 2016**	
	€ million	Chg. YoY	€ million	Chg. YoY
Total revenues	771.9	-18.7	411.6	-10.5
Change %		-2.4%		-2.5%
Change % at constant FX		+0.1%		+0.6%

By geography, the results of the first half of the year showed stable revenues in **Europe** (-0.1%), where the Group recorded different trends: in **South-West Europe** (+1.3%), strong revenue growth in Italy was followed by the good performance of Germany, Spain, Portugal and Austria; such growth compensated the lower revenues in **North-East Europe** (-2.8%), affected by the negative trend of Russia, Ukraine, Scandinavia and the United Kingdom, mitigated by growth in Poland, Czech Republic and other markets in Eastern Europe.

The weak growth in the **APA** area (+0.3%) was influenced by the strong contraction in Brazil; North America, Japan, South Korea and China were up over the first half of the year.

The **MEIA** region posted a significant decline in revenues (-22.8%), held back by the negative economic and geo-political scenario and the drop in oil prices, which affected consumer sentiment in several important markets, such as Saudi Arabia, the United Arab Emirates and Egypt.

Regarding revenues by product line, the first six months of 2016 confirm the continued growth of espresso coffee makers, especially the full automatic and the manual models, which recorded 2-digit growth rates. Revenues of single-serving machines declined, as a result of a challenging comparison base with 2015 (when we introduced the Lattissima Touch) and a weaker market.
Despite the positive contribution of Braun, in particular to hand blenders, and the growth of spin juicers, revenues of products for cooking and food preparation declined over the period.
Such decline, which affected the main product categories, stemmed in particular from weak demand in some of the category's most relevant markets (Russia, Middle East and The United Kingdom). Nevertheless, in the second quarter the Company recorded a better revenues performance of Kenwood, up by +3% in organic terms in North-Eastern and South-Western Europe, sustained by sales of kitchen machines.

Lastly, revenues of air conditioning were up strongly in the first half of the year; ironing and heating posted positive growth rates as well.

margins

Margins improved significantly over the course of the first six months, owing to a successful strategy of price increases as well as product mix improvement. Moreover, profitability benefited from lower product cost, made possible by reduced raw material prices and savings on other cost items.

Net industrial margin improved to € 381.8 million from € 369.4 million, reaching 49.5% of sales (46.7% in the first half of 2015).

Ebitda recorded a +8.9% growth and amounted to € 103.9 million. Excluding non-recurring items worth € -2.7 million, Ebitda grew by 1.7 percentage points to 13.8% of sales, or equal to € 106.6 million (+11.8%).

At constant exchange rates and excluding the impact of hedging, Ebitda before non recurring items for the first half of 2016 would have been equal to € 107.2 million, with an impact of foreign exchange and hedging of € -0.6 million when comparing with reported 2015 figures (or € -13.2 million when comparing with 2015 like-for-like excluding hedging figures).

In the second quarter, Ebitda went to € 52.3 million (12.7% of revenues) from € 48.0 million (11.4% of revenues), posting a 9.0% growth.

With an improvement of 13.4%, operating profit (EBIT) for the first six months reached € 79.8 million (equal to 10.3% of revenues, compared with 8.9% in 2015).

	H1 2016		Q2 2016	
	€ million	% of revenues	€ million	% of revenues
Net Industrial margin	381.8	49.5%	197.5	48.0%
EBITDA before non recurring items	106.6	13.8%	55.0	13.4%
EBITDA	103.9	13.5%	52.3	12.7%
EBIT	79.8	10.3%	40.3	9.8%

net financial charges

Net financial charges were significantly down from € 19.0 million to € 13.2 million, on the back of lower interest charges, foreign exchange and securitization charges.

net income

Net income pertaining to the Group stood at € 49.4 million, an improvement from € 37.4 million of the first six months of 2015.

net financial position

The positive development of margins was followed by a solid cash flow generation, equal to € 69.5 million over the past 12 months, which brought the positive net financial position to € 173.5 million. The net financial position with banks and other lenders was positive for € 205.9, recording an improvement of € 84.4 million euro over the 12-month period.

net working capital

The improved net financial position was also due a better management of net working capital, which as a percentage of 12-month rolling revenues was down from 13.0% to 12.5%, marking a record low.

Events occurred after the end of the quarter

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

Foreseeable business development

The performance of the first six months has confirmed the 2016 expectations of the management of the Group, as detailed in the guidance disclosed with the first quarter results.

More in detail, for the current year, the expectation to grow revenues in organic terms at "*mid-to-low single digit*" rates is confirmed, sustained by the fourth quarter, which will benefit from additional marketing investments already activated in the previous quarters, part of the company's response to market opportunities, with the objective to provide the basis for stronger revenue growth also in the coming years.

As regards profitability, the target to grow Ebitda in absolute value in

2016 is confirmed, also due to a lower expected negative foreign exchange and derivatives impact against our assumptions at the beginning of the year[1].

Declaration of the manager responsible for the company's accounts

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

for analysts and investors	Investor Relations: Fabrizio Micheli, T: +39 0422 413235 Fabio Ruffini, T: +39 0422 413764 e-mail: investor.relations@delonghigroup.com
for the press	Valentina Zanetti, T: +39 0422 413384 e-mail: valentina.zanetti@ delonghigroup.com
on the web	http://www.delonghigroup.com/it/investor_relations

[1] From approximately € -45 million to approximately € -40 million, yearly impact of foreign exchange and derivatives obtained deducting the foreign exchange impact and adjusting 2015 data for the effects of hedging

ANNEXES

Consolidated results of De'Longhi Group as at June 30, 2016

1. Consolidated income statement

€ million	HY 2016	% of revenues	HY 2015	% of revenues
Net revenues	**771.9**	**100.0%**	**790.6**	**100.0%**
Change 2016/2015	*(18.7)*	*(2.4%)*		
Materials consumed and other production costs (services and production payroll costs)	(390.1)	(50.5%)	(421.1)	(53.3%)
Net Industrial margin	**381.8**	**49.5%**	**369.4**	**46.7%**
Cost for services and other operating costs	(190.9)	(24.7%)	(193.2)	(24.4%)
Labour cost (non industrial)	(84.3)	(10.9%)	(80.9)	(10.2%)
EBITDA BEFORE NON RECURRING ITEMS	**106.6**	**13.8%**	**95.3**	**12.1%**
Change 2016/2015	*11.2*	*11.8%*		
Non recurring items	(2.7)	(0.4%)	-	-
EBITDA	**103.9**	**13.5%**	**95.3**	**12.1%**
Amortization	(24.1)	(3.1%)	(25.0)	(3.2%)
EBIT	**79.8**	**10.3%**	**70.4**	**8.9%**
Change 2016/2015	*9.4*	*13.4%*		
Net financial charges	(13.2)	(1.7%)	(19.0)	(2.4%)
Profit before taxes	**66.6**	**8.6%**	**51.4**	**6.5%**
Taxes	(16.9)	(2.2%)	(14.0)	(1.8%)
Profit / (Loss) of the period	**49.6**	**6.4%**	**37.4**	**4.7%**
Profit (loss) pertaining to minority interests	0.2	0.0%	(0.0)	(0.0%)
Profit (loss) pertaining to the Group	**49.4**	**6.4%**	**37.4**	**4.7%**

2. Revenues breakdown by geography

€ million	HY 2016	%	HY 2015	%	Change	Change %
North East Europe	173.9	22.5%	179.0	22.6%	(5.1)	(2.8%)
South West Europe	335.7	43.5%	331.4	41.9%	4.3	1.3%
EUROPE	**509.6**	**66.0%**	**510.4**	**64.6%**	**(0.8)**	**(0.1%)**
MEIA (Middle East/India/Africa)	**62.6**	**8.1%**	**81.1**	**10.3%**	**(18.5)**	**(22.8%)**
USA and Canada	72.1	9.3%	68.2	8.6%	3.8	5.6%
Australia and New Zealand	48.2	6.2%	51.5	6.5%	(3.3)	(6.5%)
Japan	20.3	2.6%	16.9	2.1%	3.4	19.9%
other countries of APA region	59.1	7.7%	62.4	7.9%	(3.3)	(5.3%)
APA (Asia/Pacific/Americas)	**199.6**	**25.9%**	**199.1**	**25.2%**	**0.6**	**0.3%**
Total revenues	**771.9**	**100.0%**	**790.6**	**100.0%**	**(18.7)**	**(2.4%)**

3. **Consolidated balance sheet**

€ million	30.06.2016	30.06.2015	31.12.2015	Change 30.06.16 – 30.06.15	Change 30.06.16 – 31.12.15
- Intangible assets	321.6	324.8	322.5	(3.3)	(0.9)
- Tangible assets	193.2	198.9	199.1	(5.8)	(5.9)
- Financial assets	8.5	9.1	8.4	(0.6)	0.2
- Deferred tax assets	44.5	47.6	39.8	(3.1)	4.7
Fixed assets	**567.7**	**580.5**	**569.7**	**(12.7)**	**(2.0)**
- Inventories	381.9	390.4	323.4	(8.6)	58.4
- Trade receivables	214.9	234.8	372.1	(19.9)	(157.2)
- Trade payables	(318.2)	(344.6)	(383.3)	26.5	65.2
- Other net current assets / (liabilities)	(45.3)	(44.6)	(61.7)	(0.7)	16.4
Net working capital	**233.3**	**236.0**	**250.4**	**(2.7)**	**(17.2)**
Non-current liabilities	**(106.5)**	**(102.4)**	**(103.2)**	**(4.1)**	**(3.4)**
Net invested capital	**694.5**	**714.1**	**717.0**	**(19.6)**	**(22.5)**
Net debt / (net cash)	**(173.5)**	**(104.0)**	**(188.9)**	**(69.5)**	**15.4**
Total shareholders' equity	**868.0**	**818.1**	**905.9**	**49.9**	**(37.9)**
Total net financial position and shareholders' equity	**694.5**	**714.1**	**717.0**	**(19.6)**	**(22.5)**

4. **Detailed net financial position**

€ million	30.06.2016	30.06.2015	31.12.2015	Change 30.06.16 – 30.06.15	Change 30.06.16 – 31.12.15
Cash and cash equivalents	335.4	276.9	357.9	58.5	(22.5)
Other financial receivables	10.7	22.0	15.9	(11.4)	(5.2)
Current financial debt	(60.7)	(84.1)	(71.5)	23.4	10.8
Net current financial assets	**285.4**	**214.8**	**302.3**	**70.6**	**(16.9)**
Non-current financial debt	**(112.0)**	**(110.8)**	**(113.5)**	**(1.1)**	**1.5**
Total net financial position	**173.5**	**104.0**	**188.9**	**69.5**	**(15.4)**
of which:					
- positions with banks and other financial payables	*205.9*	*121.5*	*210.1*	*84.4*	*(4.2)*
- financial assets/(liabilities) other than bank debt (residual payable to P&G related to the Braun acquisition, fair value of derivatives and options, financial payable connected to the pension fund transaction)	*(32.4)*	*(17.5)*	*(21.2)*	*(14.9)*	*(11.2)*

5. Consolidated cash flow statement

€ million	30.06.2016 (6 months)	30.06.2015 (6 months)	31.12.2015 (12 months)
Cash flow from operations	94.2	71.0	243.3
Cash flow from changes in working capital	(2.1)	(0.7)	(51.5)
Cash flow from investments	(21.5)	(25.6)	(53.3)
Operating cash flow	**70.6**	**44.7**	**138.6**
Dividends	(65.8)	(61.3)	(61.3)
Change in Fair value and Cash flow hedge reserves	(11.2)	2.4	(7.7)
Cash flow from other changes in the the net equity	(9.0)	29.2	30.3
Cash flow from changes in the net equity	**(86.0)**	**(29.7)**	**(38.7)**
Net cash flow	**(15.4)**	**15.0**	**99.9**
Opening net financial position	188.9	89.0	89.0
Closing net financial position	**173.5**	**104.0**	**188.9**