Treviso, November 10, 2020

PRESS RELEASE

De' Longhi S.p.A.

Results for the nine months of 2020: strong growth in revenues, margins and cash generation. Proposed a dividend distribution.

The Board of Directors of De 'Longhi SpA today approved the results for the nine months of 2020 [1]

In the nine months the Group achieved:

- revenues of € 1,473.2 million, up 13% (+ 13.9% at the normalized [1] level and + 14.8% at the normalized organic [2] level);
- an adjusted [3] Ebitda of € 208.7 million, equal to 14.2% of revenues (14.8% in normalized [1] terms), an improvement from 12.1% in 2019;
- a net profit of € 104 million (adjusted net profit of € 110.4 million, up 46.3% compared to the previous year).

In the third quarter, the Group achieved:

- revenues of € 576.6 million, up by 25.8% (+ 26.8% at normalized [1] level and + 29.8% at organic [2] level);
- an adjusted [3] Ebitda of € 96.9 million, equal to 16.8% of revenues (17.4% in normalized [1] terms), an improvement of 61.1% from 2019;
- a net profit of € 60.9 million, up 110%.

In the first 9 months of the year the company generated cash for € 173.7 million, increasing its net financial position at 30 September to € 451.5 million (from € 277.8 million at 31 December 2019). In the rolling 12 months, cash generation was € 350 million.

The CEO Massimo Garavaglia commented: "*We have always been convinced of the strength of our brands and the potential of our products: beyond the contingent conditions of the market, we believe in the superiority of iconic products supported by investment campaigns that accompany their development in the medium term. Therefore we will continue to invest in innovation, marketing and communication and the current results confirm the correctness of our strategy. Looking at the shorter term, we still recognize many elements of uncertainty, which make reading the social and economic context still very difficult. With these results*

[1]) The 2020 and 2019 figures are prepared in line with the application of the accounting standard IFRS 16. Furthermore, for comparative purposes, we may present so called "normalized" values, that is, comparable with those of the previous year, excluding the effects deriving from the reclassification of financial discounts (previously classified among financial charges and now included among commercial premiums and therefore netting the revenues).

[2]) "organic" stands for at constant exchange rates and excluding the derivative effect.

[3]) "adjusted" stands for gross of non-recurring expenses / income and of the notional cost of the stock option plan.

behind us, we revise our end-of-year guidance upwards and we are confident that we will be able to close 2020 with organic growth in revenues at a high single digit rate and an adjusted Ebitda increasing both in value and as a percentage of revenues. In the longer term, we remain focused on the execution of our strategy, according to the value creation model that has guided us so far".

The Board of Directors also, in light of the good performance of the Company and the De' Longhi Group in the current year, proposed the distribution of a dividend of € 0.54 per share drawn from the extraordinary reserve also formed with 2019 profits.

Finally, as part of the strategy of extending the average effective duration of the Group's debt portfolio and to take advantage of the good market conditions, the Board of Directors mandated the Chief Executive Officer to proceed with the preparatory activities for the issue of a second tranche of a non-convertible, unlisted and unrated bond loan for an amount equal to Euro 150 million with a duration of twenty years and maturity to 2041 which will be subscribed by leading US investors.

Results summary and business review

(Eur million unless otherwise specified	9 months 2020	9 months (Jan. 1st - Sept. 30) 2020 "normalized"	9 months (Jan. 1st - Sept. 30) 2019	3rd quarter (July 1st - Sept. 30) 2020 "normalized"	3rd quarter (July 1st - Sept. 30) 2019
Revenues	1473,2	1484,6	1303,7	580,9	458,2
change %	*13,0%*	*13,9%*		*26,8%*	
organic ch. %		*14,8%*		*29,8%*	
net ind. margin	721,6	733,0	615,9	289,7	216,4
% of revenues	*49,0%*	*49,4%*	*47,2%*	*49,9%*	*47,2%*
adjusted Ebitda	208,7	220,0	157,9	101,2	60,1
% of revenues	*14,2%*	*14,8%*	*12,1%*	*17,4%*	*13,1%*
Ebitda	200,4	211,8	153,3	99,2	57,9
% of revenues	*13,6%*	*14,3%*	*11,8%*	*17,1%*	*12,6%*
Ebit	142,5	153,9	96,2	79,9	38,2
% of revenues	*9,7%*	*10,4%*	*7,4%*	*13,8%*	*8,3%*
Net Income	104,0	104,0	71,8	60,9	29,0
% of revenues	*7,1%*	*7,0%*	*5,5%*	*10,5%*	*6,3%*
adjusted Net Income	110,4	110,4	75,5	62,7	30,8
% of revenues	*7,5%*	*7,4%*	*5,8%*	*10,8%*	*6,7%*

general outlook

The third quarter of 2020 did not bring a substantial change in the social and macroeconomic climate compared to the first half: the uncertainty and tensions related to the spread of the Covid-19 epidemic continued to affect the markets and the behavior of consumers, producers and distributors.

At the same time, however, the increased attention of consumers towards the domestic sector has driven sales of household products, in particular related to food: the segments of coffee and food preparation and cooking have shown growth rates beyond expectations, amplified by the positive effects deriving from the support offered by the strength of brands and products and a careful long-term investment strategy in marketing and communication.

As to our organizational, the Group continued to implement all the prevention measures adopted in the previous months, in the peak phase of the pandemic, in order to protect the health of its employees and collaborators in the best possible way.

revenues

Revenues for the 9 months, up 13% to € 1,473.2 million, were driven by the strong growth in the third quarter, in the wake of the favorable trend of the first half, which saw revenues grow by 25.8% (+ 26.8% normalized and + 29.8% organic).
The normalized currency effect was negative by € -12.2 million in the 9 months, mostly due to the exchange rate trend in the third quarter (normalized negative effect of € -13.7 million): depreciated currencies that weighed in particular were the US Dollar, the Ruble, the Australian Dollar and the Polish Zloty.

markets

Growth at a geographical level was important in all areas and in the third quarter it also expanded to the MEIA area (*Middle East-India-Africa*), negative in previous quarters, which has now grown, on an organic and normalized basis, by 7.7% in the quarter.

NORMALIZED FIGURES - EUR million	9 months 2020	*chg. %*	*organic chg. %*	Q3-2020	*chg. %*	*organic chg. %*
South West Europe	614,4	*20,3%*	*20,0%*	239,7	*35,9%*	*35,6%*
North East Europe	406,8	*13,0%*	*15,2%*	169,4	*26,4%*	*31,6%*
EUROPE	1.021,2	*17,3%*	*18,0%*	409,1	*31,8%*	*33,9%*
MEIA (MiddleEast/India/Africa)	78,5	*-16,2%*	*-14,9%*	33,6	*3,0%*	*7,7%*
APA (Asia/Pacific/Americas)	385,0	*13,4%*	*14,8%*	138,2	*20,0%*	*25,0%*
TOTAL REVENUES	1.484,6	*13,9%*	*14,8%*	580,9	*26,8%*	*29,8%*

On a <u>normalized</u> basis:

- **South-Western Europe** grew by 20.3% in the 9 months (35.9% in the third quarter), thanks to the contribution of all countries, with Germany and France in the spotlight;
- similarly **North-Eastern Europe** also grew double-digit: + 13% in the 9 months and + 26.4% in the quarter: the performance of the United Kingdom, Poland, Scandinavian countries and Benelux was particularly positive;
- as anticipated above, the **MEIA** region as a whole recorded an organic growth of 7.7% in the quarter, thus marking a turnaround compared to the

previous quarters, which were negative and still affecting the results of the 9 months (down -14.9% organic);

- in the **APA** region (*Asia-Pacific-Americas*) (+ 13.4% in 9 months and + 20% in the quarter) all the main countries grew double-digit: United States and Canada, greater China, Japan, Australia and New Zeland.

products

At a normalized level, all product segments grew in the 9 months, with the exception of portable heating and ironing - the latter, however, in double-digit organic growth in the third quarter. In the quarter, coffee machines accelerated at a growth rate of over 30%, with double digit growth in all product families, with the full-automatic models leading.

In the cooking and food preparation segment, not only was the great moment of kitchen machines confirmed - in high double-digit growth in the quarter and in the nine months - but in the quarter all the main product families grew, including those which had not yet shown a recovery in the previous quarters.

As for the remaining segments (comfort and home care), the nine months closed with growth, with the exception, however, as anticipated, of portable heating (due to unfavorable weather conditions) and ironing (the latter experiencing a strong recovery in the third quarter).

operating margins

Moving on to margins, in normalized terms, a generalized improvement was confirmed in the nine months:

• the **net industrial margin** went from 47.2% to 49.4%, thanks to savings in the cost of the product and the contribution of the price-mix component;

• **adjusted EBITDA** amounted to € 220 million, up 39.3%; as a percentage of revenues, there was an improvement of 2.7 percentage points on revenues, from 12.1% to 14.8%, despite an increase in investments in media and communication to 11.6% of revenues in the third quarter (+0.8 percentage points compared to the third quarter of 2019);

• **Ebitda** went from 11.8% to 14.3% of revenues, amounting to € 211.8 million;

• **Ebit** was € 153.9 million, an increase of 60%;

• finally, the **net profit** was € 104 million, equal to 7% of revenues.

In the third quarter, the increase in margins was even more marked, equal to +33.8% for the net industrial margin (€ 289.7 million), + 68.3% for the adjusted Ebitda (€ 101.2 million) and + 110% for net income (€ 60.9 million).

the balance sheet

The aforementioned income development was at the origin of a particularly strong **cash generation**, equal to € 350 million in the 12 months, from September '19 to September 2020, and to € 173.7 million in the first nine months of this year, despite a significant and slightly increasing capital investment flow (€ 58.7 million against € 55.5 million in the nine months of 2019).

Net working capital decreased by € 96.7 million from the beginning of the year, mainly due to the trend of collections from customers and the increase in payables to suppliers. In relation to rolling revenues, net working capital decreased to 9.8% from 15.2% at the end of 2019 and from 18.6% at the end of September 2019.

The dynamics described led to a marked strengthening of the **net financial position** which stood at € 451.5 million at 30 September, with a positive net position towards banks and lenders of € 516.7 million.

	at 30.09.2020	at 31.12.2019	at 30.09.2019
	EUR million	*EUR million*	*EUR million*
Net financial position	**451,5**	277,8	101,5
change in the 9 months	*173,7*		
change in the 12 months	*350,0*		
Bank net financial position	**516,7**	357,4	180,9
change in the 9 months	*159,3*		
change in the 12 months	*335,8*		

We recall that in the current year, in consideration of the growing difficulties of the country and the territory in the face of the spread of the pandemic, the Shareholders' Meeting resolved not to distribute dividends (which had been distributed for € 55.3 million in the previous year) and at the same time the Group provided financial support of € 3.1 million in favor of the local sanitary structures involved in the fight against the outbreak.

Finally, in the nine months, the Company completed a buy-back of treasury shares for a total of € 14.5 million, in relation to the existing stock option plan.

Other resolutions of the B.o.D.

NEW BOND LOAN

As part of the strategy of extending the effective average duration of the Group's debt portfolio and to take advantage of the good market conditions, the Board of Directors mandated the Chief Executive Officer to proceed with the preparatory activities for the issue of a second tranche of a non-convertible, unlisted and unrated bond loan for an amount equal to Euro 150 million with a duration of twenty years. The new issue, approved pursuant to Articles 2410 et seq. of the Italian Civil Code and with an expected nominal amount of Euro 150 million, will be subscribed by leading US institutional investors (part of the Prudential Group). The closing of the transaction is expected in April 2021.

PROPOSAL OF A DIVIDEND DISTRIBUTION

The BoD, in light of the good performance of the Company and the De 'Longhi Group in the current year, confirmed by the results achieved at 30 September 2020 examined and approved today, resolved

to renew the proposal to the Shareholders' Meeting for the distribution of a dividend of the same amount as that proposed at the time of approval of the financial statements at 31 December 2019 (equal to € 0.54 gross of withholding taxes for each share in circulation and excluding treasury shares in the Company's portfolio at detachment of the coupon, following the repurchases made on the market), since the reasons for caution at the basis of the non-distribution, at that time, of the accrued dividends, no longer exist.
Taking into account that as of today the De 'Longhi shares in circulation are equal to no. 150,537,956 and the Company holds no. 895,350 treasury shares, the total amount of the dividend is currently equal to Euro 80,807,007.24.
The dividend will be drawn from the extraordinary reserve also formed with 2019 profits.
The next Shareholders' Meeting will be held on December 15, 2020 and with dividend payable starting from 23 December 2020, with detachment of coupon no.20, on 21 December 2020 and with the so-called record date pursuant to art. 83-terdecies of Legislative Decree no. 58/98 on 22 December 2020.

Events occurred after the end of the quarter

No significant events occurred after the end of the third quarter.

Foreseeable business development and guidance

Massimo Garavaglia, Group C.E.O. commented: "*We have always been convinced of the strength of our brands and the potential of our products: beyond the contingent conditions of the market, we believe in the superiority of iconic products supported by investment campaigns that accompany their development in the medium term. Therefore we will continue to invest in innovation, marketing and communication and the current results confirm the correctness of our strategy. Looking at the shorter term, we still recognize many elements of uncertainty, which make reading the social and economic context still very difficult. With these results behind us, we revise our end-of-year guidance upwards and we are confident that we will be able to close 2020 with organic growth in revenues at a high single digit rate and an adjusted Ebitda increasing both in value and as a percentage of revenues. In the longer term, we remain focused on the execution of our strategy, according to the value creation model that has guided us so far.*"

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, 2020

1. Consolidated Income Statement

Euro million	30.09.2020	% on revenues	30.09.2020 normalized	% on revenues	30.09.2019	% on revenues
Net Revenues	**1,473.2**	**100.0%**	**1,484.6**	**100.0%**	**1,303.7**	**100.0%**
chnage	*169.5*	*13.0%*	*180.9*	*13.9%*		
Materials consumed and other production costs (services and production payroll costs)	(751.6)	(51.0%)	(751.6)	(50.6%)	(687.8)	(52.8%)
Net industrial margin	**721.6**	**49.0%**	**733.0**	**49.4%**	**615.9**	**47.2%**
Costs for services and other operating costs	(369.1)	(25.1%)	(369.1)	(24.9%)	(322.3)	(24.7%)
Labour cost (non industrial)	(143.9)	(9.8%)	(143.9)	(9.7%)	(135.7)	(10.4%)
Ebitda before non recurring items and stock option plan (adjusted Ebitda)	**208.7**	**14.2%**	**220.0**	**14.8%**	**157.9**	**12.1%**
Change	*50.7*	*32.1%*	*62.1*	*39.3%*		
Other non recurring items / stock option plan	(8.2)	(0.6%)	(8.2)	(0.6%)	(4.6)	(0.4%)
EBITDA	**200.4**	**13.6%**	**211.8**	**14.3%**	**153.3**	**11.8%**
Amortization	(57.9)	(3.9%)	(57.9)	(3.9%)	(57.2)	(4.4%)
EBIT	**142.5**	**9.7%**	**153.9**	**10.4%**	**96.2**	**7.4%**
Change	*46.3*	*48.2%*	*57.7*	*60.0%*		
Net financial charges	(3.1)	(0.2%)	(14.5)	(1.0%)	(10.3)	(0.8%)
Profit before taxes	**139.4**	**9.5%**	**139.4**	**9.4%**	**85.9**	**6.6%**
Taxes	(35.5)	(2.4%)	(35.5)	(2.4%)	(14.0)	(1.1%)
Net profit pertaining to the Group	**104.0**	**7.1%**	**104.0**	**7.0%**	**71.8**	**5.5%**

2. Revenues breakdown by geography

Euro million	Q3 2020 (3 months)	%	Q3 2020 normalized (3 months)	%	Q3 2019 (3 months)	%	normalized change	nornalized change %	normalized organic change
EUROPE	405.0	70.2%	409.1	70.4%	310.4	67.8%	98.7	31.8%	33.9%
APA	138.1	24.0%	138.2	23.8%	115.2	25.1%	23.1	20.0%	25.0%
MEIA	33.5	5.8%	33.6	5.8%	32.6	7.1%	1.0	3.0%	7.7%
Total revenues	**576.6**	**100.0%**	**580.9**	**100.0%**	**458.2**	**100.0%**	**122.7**	**26.8%**	**29.8%**

Euro million	30.09.2020 (9 month)	%	30.09.2020 normalized (9 months)	%	30.09.2019 (9 months)	%	normalized change	nornalized change %	normalized organic change
EUROPE	1,010.2	68.6%	1,021.2	68.8%	870.6	66.8%	150.6	17.3%	18.0%
APA	384.7	26.1%	385.0	25.9%	339.5	26.0%	45.5	13.4%	14.8%
MEIA	78.3	5.3%	78.5	5.3%	93.6	7.2%	(15.2)	(16.2%)	(14.9%)
Total revenues	**1,473.2**	**100.0%**	**1,484.6**	**100.0%**	**1,303.7**	**100.0%**	**180.9**	**13.9%**	**14.8%**

3. Consolidated Balance Sheet

Euro million	30.09.2020	30.09.2019	31.12.2019
- intangible assets	313.2	316.5	314.8
- tangible assets	311.3	314.8	315.1
- financial assets	32.8	31.3	30.2
- deferred tax assets	53.3	60.3	47.3
Fixed assets	**710.7**	**722.9**	**707.4**
- inventories	483.7	515.7	343.5
- trade receivables	244.2	251.6	437.4
- trade payables	(411.4)	(307.0)	(365.8)
- other net current assets / (liabilities)	(94.3)	(72.5)	(96.3)
Net working capital	**222.1**	**387.8**	**318.8**
Non current liabilities	**(119.0)**	**(108.6)**	**(113.5)**
Net capital employed	**813.8**	**1.002.1**	**912.6**
Net debt / (cash)	**(451.5)**	**(101.5)**	**(277.8)**
Total shareholders' Equity	**1,265.3**	**1,103.5**	**1,190.5**
Total net debt /(cash) and shareholders' equity	**813.8**	**1.002.1**	**912.6**

4. Detailed Net Financial Position

Euro million	30.09.2020	30.09.2019	31.12.2019
Cash and cash equivalents	912.2	464.5	731.5
Other financial receivables	171.1	54.4	102.4
Current financial debt	(153.9)	(141.4)	(138.2)
Current net financial assets / (debt)	**929.4**	**377.5**	**695.7**
Non current net financial assets	70.1	-	10.7
Non current net financial debt	(547.9)	(276.0)	(428.6)
Non current net financial assets / (debt)	**(477.9)**	**(276.0)**	**(417.9)**
Total Net Financial Position	**451.5**	**101.5**	**277.8**
of which:			
- Net financial position versus banks and other lenders	*516.7*	*180.9*	*357.4*
- lease related debt	*(66.0)*	*(76.0)*	*(74.0)*
- Net assets /(liabilities) other than bank debt (fair value of derivatives. financial liabilitiesfor business combinations and financial payables connected to pension funds)	*0.8*	*(3.5)*	*(5.5)*

5. Consolidated Cash Flow Statement

Euro million	30.09.2020 (9 months)	30.09.2019 (9 months)	31.12.2019 (12 months)
Cash flow from operations	205.5	145.8	277.3
Cash flow from working capital	24.9	(85.7)	(22.3)
Cash flow from investments	(58.7)	(55.5)	(75.8)
Normalized Operating cash flow	**171.6**	**4.6**	**179.1**
Cash flow from application of IFRS 16	-	(77.0)	(77.0)
Operating cash flow	**171.6**	**(72.4)**	**102.2**
Dividends distributed	-	(55.3)	(55.3)
Cash flow from changes in *Fair value* and *Cash flow hedge* reserves	0.4	(3.1)	(1.7)
Cash Flow from shares buy back	(14.5)	-	-
Cash Flow from stock option exercise	19.4	-	-
Cash flow from other changes in the Net Equity	(3.2)	4.1	4.5
Cash flow from changes in the Net Equity	**2.1**	**(54.3)**	**(52.5)**
Net Cash Flow	**173.7**	**(126.6)**	**49.7**
Opening Net Financial Position	277.8	228.1	228.1
Closing Net Financial Position	**451.5**	**101.5**	**277.8**