PRESS RELEASE

De'Longhi S.p.A.

The Board of Directors has approved today the consolidated results of the first nine months of 2017: growth was accelerating, supported by United States, China and East Europe:

- **revenues were up by +8.4% to € 1,256.4 million (+5% on a like-for-like basis *(1)*) in the 9 months and by +10.7% in the third quarter (+8.4% like-for-like);**
- **Net Industrial Margin was growing by 5.3% to € 601.8 million;**
- **investments in advertisement and promotions were increased by ca. € 11 million in the 9 months;**
- **Ebitda before non recurring items(2) was improving to € 159.1 million in the 9 months and to € 53.8 million in the quarter;**
- **Net Income pertaining to the Group was up by 24.2% to € 89.5 million in the 9 months;**
- **Net Financial Position was positive by € 75.6 million.**

In light of the positive performance of the quarter, the guidance for 2017 (revenues' organic growth at a *mid-single-digit* rate and an increase of Ebitda in absolute terms) is confirmed.

(1) **"Like-for-like"** (or **"LFL")** stands for at constant perimeter and excluding exchange rates and derivatives effetcs.
(2) **Non recurrring items** are including, among others, imputed costs of the Stock Option Plan amounting to € 2.8 million.

Results summary

- **Revenues** were growing to € 1,254.6 million in the 9 months, up by a nominal 8.4% and by 5% on a like-for-like basis. A significant contribution to this result came from the third quarter, whose revenues were accelerating, up by 10.7% (to € 428.8 million) and by 8.4% LFL.

	9 months (1st Jan - 30 Sept.)		**Q3** (1st July - 30 Sept.)	
	2017	2016	2017	2016
	(Eur million unless specified)			
revenues	**1,256.4**	1,159.1	**428.8**	387.2
chg %	*8.4%*		*10.7%*	
% chg like-for-like	*5.0%*		*8.4%*	

All categories of coffee makers were steadily growing, with fullautomatic machines leading and capsule systems of Nespresso showing a pronounced recovery.

In the third quarter operating margins were under pressure, due to the evolution of both COGS and costs of new product development and advertisement and promotions aimed at supporting the sales' growth (increased by € 11.1 million in the 9 months). In addition, in the quarter, margins were affected by imputed costs for the Stock Option Plan amounting to ca. € 1 million (€ 2.8 million in the 9 months) and higher D&A of ca. € 3 million (€ 6.3 million in the 9 months), resulting in Ebit declining by € 2.5 million in the quarter and by € 6 million in the 9 months.

This notwithstanding, the Company recorded a significant increase of Net Income (+24.2% in the 9 months), thanks also to non recurring net profits of € 15.3 million and to taxes decreasing by € 6.7 million (by € 8.5 million in the quarter) by effect also of the new "patent box" regulation.
In details:

- **Net Industrial Margin** amounted to € 601.8 million, up by 5.3% (+8.2% in the quarter), but declining as a percentage of revenues from 49.3% to 47.9%; at constant perimeter, the margin would have been 48.8% in the 9 months (vs. 49.3% in 2016) and 48.7% in the quarter (vs. 49% in 2016);

- **Ebitda before non recurring items**, amounting at € 159.1 million, was roughly flat vs. the 9 months of 2016, but was increasing by 4.2% to € 53.8 million in the quarter;

- **Ebitda** was marking a slight improvement (from € 154.5 to € 154.8 million), thanks to the positive contribution of the third quarter (€ 51.3 million, or € +0.6 million vs. the third quarter of 2016);

- **Ebit** declined from € 117.7 million to € 111.7 million (€ 35.4 in the quarter);

- **net financial charges** were improving from € 20.4 to € 19.1 million in the 9 months;

- the Company recorded non recurring net profits amounting to € 15.3 million (€ 5.4 million in the quarter), including also the writing-off of the earn-out liability due in relation to the acquisition of the perpetual licence of Braun brand;

- **Net Income** was significantly increasing from € 72.1 to € 89.5 million in the 9 months (from € 22.6 to € 33.4 million in the quarter), thanks to a reduction of taxes of € 6.7 million as a consequence of the decrease of the corporate Italian tax rate and of the benefits granted by the "patent box" regulation.

	9 months (1st Jan - 30 Sept.)		**Q3** (1st July - 30 Sept.)	
	2017	2016	2017	2016
	(Eur million unless specified)			
net industrial margin	**601,8**	571,7	**205,5**	189,9
% of revenues	*47,9%*	*49,3%*	*47,9%*	*49,0%*
Ebitda before non recur. items	**159,1**	158,2	**53,8**	51,6
% of revenues	*12,7%*	*13,6%*	*12,5%*	*13,3%*
Ebitda	**154,8**	154,5	**51,3**	50,6
% of revenues	*12,3%*	*13,3%*	*12,0%*	*13,1%*
Ebit	**111,7**	117,7	**35,4**	37,9
% of revenues	*8,9%*	*10,2%*	*8,3%*	*9,8%*
net income pertaining to the Group	**89,5**	72,1	**33,4**	22,6
% of revenues	*7,1%*	*6,2%*	*7,8%*	*5,8%*

As for the balance sheet, **Net Financial Position** was positive by € 75.6 million and the bank net position was positive by € 89.9 million. The change vs. the figure at 2016 year end (€ 307.6 million) is negative by € 232.1 million, being affected not only by the absorption of financial resources which characterizes the financial cycle of the working capital in the third quarter, supporting the growth trend, but also by investments in fixed assets (equalling € 71.1 million in the 9 months, up by € 38.6 million vs. nine months of 2016), dividends (amounting to € 119.6 months, equal to a *pay-out-ratio* increased from 44% to 71.4% and to a cash out higher by € 53.8 million), the acquisition of a 40% stake in the Swiss company Eversys (€ 19 million) and the consolidation effect of NPE (amounting to € 5.5 million in the 9 months).

	as of 30.09.2017	as of 31.12.2016	as of 30.09.2016
	Eur million	*Eur million*	*Eur million*
net financial position	**75.6**	307.6	159.3
change in 12 months	*-83.7*		
bank net financial position	**89.9**	307.5	197.8
change in 12 months	*-107.9*		

Net working capital increased by € 99 million in the nine months of 2017 and by € 89.6 million in the twelve months, as a consequence mainly of absorption of financial resources of the supply chain in view of the strong growth trend of coffee machines and of the forecasted sales of the last months of the year. The ratio of NWC with 12 months rolling revenues, which was increasing from 14.3% to 18.2% in the 12 months, is related to the current and expected growth.

Business review: the first 9 months of 2017

general outlook

The trend of the first nine months is in line with the management's expectations, as represented by the guidance provided to the market, i.e. organic revenues growing at a *mid-single-digit* rate and Ebitda increasing in absolute value, but not necessarily as a margin on revenues.

The third quarter showed an acceleration in respect of the first six months and an improvement del general climate of both markets and product categories.

The most encouraging factor, in perspective, is the return to volumes growth after 2016, a transition year, when the Group's performance has been resulting from the price increases and mix rather than from growth.

markets

All geografies have provided their contribution to growth, with more weight on the APA region (*Asia Pacific & Americas*) – as USA and Canada and greater China were growing at double digit rate – and North-East Europe – namely Russia, Poland and the other eastern European countries. Even the market conditions in the MEIA region (*Middle East, India & Africa*) were showing signs of improvement, with a recovery of growth in the third quarter.

Revenues - million Euro	**9m- 2017**	*% chg.*	*% LFL*	**Q3- 2017**	*% chg.*	*% LFL*
North East Europe	309.0	*12.4%*	*6.9%*	116.4	*15.2%*	*8.1%*
South West Europe	522.9	*4.1%*	*1.5%*	175.7	*5.4%*	*2.7%*
EUROPE	831.9	*7.0%*	*3.4%*	292.1	*9.1%*	*4.8%*
MEIA (MiddleEast/India/Africa)	95.7	*2.8%*	*-0.3%*	31.5	*3.3%*	*6.7%*
APA (Asia/Pacific/Americas)	328.8	*14.0%*	*10.9%*	105.2	*18.3%*	*19.7%*
TOTAL REVENUES	1,256.4	*8.4%*	*5.0%*	428.8	*10.7%*	*8.4%*

In more detail:

- APA (*Asia-Pacific-Americas*) is confirmed to be the area with the most pronounced growth potential, mainly in the USA and China, where the Group is concentrating its commercial investments aimed to support the expansion of coffee machines and of the Braun brand. The whole region grew by +14% (+18.3% in the quarter), driven by the two above mentioned markets, which delivered a performance at a double digit rate. In particular, the feedbacks from the US market – which, according to the Group's plans, aims at becoming the second largest market of the Group next year – were very positive, specifically for what concerns Nespresso systems and traditional machines (bringing the total weight of coffee segment to more than 40% of the Group's revenues in the country) and Braun's handblenders.

- *North-East Europe* emerged as the second area with the strongest growth, with revenues up by +12.4% (+15.2% in the quarter), driven by Russia, Poland and Scandinavian countries.

- *South-West Europe* was growing as well (+4.1% in the 9 months and +5.4% in the quarter), driven by France, Austria and Switzerland;

- as regards MEIA region (*Middle-East-India & Africa*), the recovery of important markets, like Saudi Arabia and United Arab Emirates, was leading the growth of the whole area, still very large and with diversified market dynamics, which marked a progression of +2.8% in the 9 months and +3.3% in the quarter;

- on a like-for-like basis, all of the four above mentioned regions were showing positive trends, with an overall growth of +5% in the 9 months and +8.4% in the third quarter, as shown by the above schedule.

products

As regards the breakdown of revenues by product, coffee makers delivered a steady growth of +17.8% in the first nine months, accelerating at +21.1% in the third quarter.
All segments of coffee makers were providing positive signals, including also Nespresso systems (declining in 2016) which benefited from the new distribution agreement for the US market and the recent launch of the new Lattissima One. We also highlight the double digit rate progression of fullautomatic machines.

Within food preparation category, on one hand Braun products were growing thanks to the expansion into new markets, like the US and the Far East, while on the other Kenwood's kitchen machines were back to growth in the third quarter.

Products of the "comfort" category (i.e. portable heaters and air-conditioners) were growing in the nine months, but not in the quarter, as a results of an unfavourable season for air-conditioning.

Finally, positive signs were coming from the ironing business, to which the Group is targeting its investments in light of the potential offered by the Braun brand; in this segment, the slight growth in the nine months was supported by the acceleration, at a high-single-digit rate, of the third quarter.

operating margins

The official guidance for 2017 identifies the volumes growth and the related operating leverage as the primary resources allowing the Group to increase its commitment on new product development and on marketing and communication, as a necessary precondition for the growth in the medium term. Therefore, the trend of margins in the current year is mirroring said increased efforts aimed at growth.

Net industrial margin amounted to € 601.8 million, increasing by +5.3% (€ 205.5 million in the quarter, increased by +8.2%). as a percentage of revenues, this margin is slightly declining, as a result of the trends in materials consumed, industrial labour and transportation costs.

Ebitda before non recurring items marked a slight increase in the 9 months, from € 158.2 to € 159.1 million, while in the third quarter the increase was more pronounced (+4.2%), from € 51.6 to € 53.8 million. As a percentage of revenues, the margin was down by one percentage point in the 9 months and by 0.8 percentage points in the quarter.

Ebitda of the nine months, roughly flat vs. the previous year, amounted to € 154.8 million, which compares with € 154.5 million in 2016, bringing the margin to decline by around one percentage point. In the third quarter Ebitda showed a similar trend, i.e. a growth of +1.2% to € 51.3 million, but declining as a percentage of revenues to 12%.
One factor affecting this margin was the accounting of non recurring costs of € 4.3 million (€ 2.5 million in the quarter), mainly related to the imputed costs of the stock option plan.

Higher depreciations and amortizations (+€ 6.3 million in the 9 months and + € 3.1 million in the quarter) were bringing **Ebit** to € 111.7 million (€ 35.4 million in the quarter), declining by 5.1% (-6.7% in the quarter).

net financial income / (expenses)

Total net financial expenses were negative by € 3.8 million and were comprising net financial charges amounting to € 19.1 million (down from € 20.4 million in 2016) and non recurring financial income amounting to € 15.3 million (including also the full write-off of the earn-out liability due to Procter & Gamble and relating to the perpetual lincence agreement for the Braun brand signed in 2012. As a conseguence, such liability has been deleted from the Net Financial Position.

net income

Net income pertaining to the Group was improving by 24.2%, from € 72.1 to € 89.5 million, equalling 7.1% of revenues. In the quarter, the net income increased by 47.5% to € 33.4 million.

Events occured after the end of the quarter

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

Forseeable business development and guidance

The third quarter delivered a progression of volumes in line with the management's expectations and consistent with the Group's augmented commitment to renovate the product portfolio, to increase the communication activity and the investments on strenghtening the distribution network and the European manufacturing platform.
The main pillars of this develpment, i.e. espresso coffee machines and the re-launch of Braun, together with the steady growth in the USA, China, Russia and Eastern Europe, are supporting the achievment of the guidance for 2017 (organic revenues growing at a mid-single-digit rate and Ebitda increasing in absolute value), so making the Group feel confident when facing 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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ANNEXES

Consolidated results of De'Longhi SpA

as of September 30, 2017

1. Consolidated income statement

(€/million)	30.09.2017 (9 months)	% reveneus	30.09.2016 (9 months)	% reveneus
Reveneus	**1,256.4**	**100.0%**	**1,159.1**	**100.0%**
Change 2017/2016			*97.3*	*8.4%*
Materials consumed & other production costs (production services and payroll costs)	(654.6)	(52.1%)	(587.4)	(50.7%)
Net industrial margin	**601.8**	**47.9%**	**571.7**	**49.3%**
Costs for services and other expenses	(309.2)	(24.6%)	(288.2)	(24.9%)
Payroll (non - production)	(133.5)	(10.6%)	(125.3)	(10.8%)
EBITDA before non-recurring expenses	**159.1**	**12.7%**	**158.2**	**13.6%**
Change 2017/2016			*0.9*	*0.6%*
Other non-recurring expenses	(4.3)	(0.3%)	(3.7)	(0.3%)
EBITDA	**154.8**	**12.3%**	**154.5**	**13.3%**
Amortization	(43.2)	(3.4%)	(36.8)	(3.2%)
EBIT	**111.7**	**8.9%**	**117.7**	**10.2%**
Change 2017/2016			*(6.0)*	*(5.1%)*
Financial income (expenses)	(19.1)	(1.5%)	(20.4)	(1.8%)
Non-recurring financial income (expenses)	15.3	1.2%	-	0.0%
Profit (loss) before taxes	**107.8**	**8.6%**	**97.3**	**8.4%**
Income taxes	(18.3)	(1.5%)	(25.0)	(2.2%)
Profit (loss) after taxes	**89.5**	**7.1%**	**72.4**	**6.2%**
Profit (loss) pertaining to minority interests	-	-	0.3	0.0%
Profit (loss) pertaining to the Group	**89.5**	**7.1%**	**72.1**	**6.2%**

2. Revenues breakdown by geography

(€/million)	30.09.2017	% revenues	30.09.2016	% reveneus	Change	Change %
North East Europe	309.0	24.6%	275.0	23.7%	34.0	12.4%
South West Europe	522.9	41.6%	502.5	43.3%	20.4	4.1%
EUROPE	**831.9**	**66.2%**	**777.4**	**67.1%**	**54.4**	**7.0%**
MEIA (Middle East/India/Africa)	**95.7**	**7.6%**	**93.1**	**8.0%**	**2.6**	**2.8%**
United States and Canada	121.1	9.6%	102.2	8.8%	18.9	18.5%
Australia and New Zealand	76.9	6.1%	72.6	6.3%	4.3	5.9%
Japan	32.5	2.6%	30.7	2.6%	1.9	6.0%
Other countries area APA	98.3	7.8%	83.1	7.2%	15.2	18.3%
APA (Asia/Pacific/Americas)	**328.8**	**26.2%**	**288.6**	**24.9%**	**40.3**	**14.0%**
Total revenues	**1,256.4**	**100.0%**	**1,159.1**	**100.0%**	**97.3**	**8.4%**

3. Consolidated balance sheet

(€/million)	30.09.2017	30.09.2016	31.12.2016	Change 30.09.17 – 30.09.16	Change 30.09.17 – 31.12.16
- Intangible assets	322.4	325.8	327.8	(3.4)	(5.3)
- Property, plants and equipment	231.1	192.3	196.5	38.7	34.6
- Financial assets	27.1	7.9	8.0	19.2	19.1
- Deferred tax assets	45.1	48.3	38.4	(3.3)	6.7
Non-current assets	**625.7**	**574.4**	**570.7**	**51.3**	**55.0**
- Inventories	466.5	433.9	320.8	32.6	145.7
- Trade receivables	261.0	194.5	372.8	66.5	(111.8)
- Trade payables	(322.4)	(305.9)	(365.3)	(16.4)	43.0
- Other payables (net of receivables)	(52.3)	(59.3)	(74.5)	7.0	22.2
Net working capital	**352.8**	**263.1**	**253.7**	**89.6**	**99.0**
Total non-current liabilities and provisions	**(118.6)**	**(110.6)**	**(118.0)**	**(8.0)**	**(0.6)**
Net capital employed	**859.9**	**726.9**	**706.4**	**133.0**	**153.4**
Net debt / (net cash) position	**(75.6)**	**(159.3)**	**(307.6)**	**83.7**	**232.1**
Total net equity	**935.4**	**886.2**	**1,014.0**	**49.3**	**(78.6)**
Total net debt and equity	**859.9**	**726.9**	**706.4**	**133.0**	**153.4**

4. Detailed net financial position

(€/million)	30.09.2017	30.09.2016	31.12.2016	Change 30.09.17 – 30.09.16	Change 30.09.17 – 31.12.16
Cash and cash equivalents	490.3	328.9	461.4	161.4	28.9
Other financial receivables	14.9	8.5	25.7	6.4	(10.8)
Current financial debt	(120.5)	(65.2)	(108.3)	(55.3)	(12.2)
Net current financial position	**384.7**	**272.1**	**378.8**	**112.6**	**5.9**
Non-current financial debt	**(309.1)**	**(112.8)**	**(71.2)**	**(196.3)**	**(237.9)**
Total net financial position	**75.6**	**159.3**	**307.6**	**(83.7)**	**(232.1)**
Of which:					
- Position with banks and other financial payables	*89.9*	*197.8*	*307.5*	*(107.9)*	*(217.6)*
- Financial assets/(liabilities) other than bank debt (fair value of derivatives, financial debt related to business combinations and pension funds)	*(14.3)*	*(38.5)*	*0.1*	*24.2*	*(14.4)*

5. Consolidated cash flow statement

(€/million)	30.09.2017 (9 months)	30.09.2016 (9 months)	31.12.2016 (12 months)
Cash flow by current operations and changes in working capital	27.3	107.1	243.0
Cash flow by investment activities	(109.1)	(35.9)	(55.1)
Cash flow by operating activities	**(81.9)**	**71.2**	**187.9**
Dividends paid	(119.6)	(65.8)	(65.8)
Cash flow by changes in cash flow hedge reserves	(14.9)	(12.9)	4.2
Cash flow by other changes in net equity	(15.7)	(22.1)	(7.5)
Cash flow absorbed by changes in net equity	**(150.2)**	**(100.7)**	**(69.1)**
Cash flow for the period	**(232.1)**	**(29.5)**	**118.8**
Opening net financial position	307.6	188.9	188.9
Closing net financial position	**75.6**	**159.3**	**307.6**