Treviso, May 9, 2019

DēLonghi Group

PRESS RELEASE

De'Longhi S.p.A.

Today, the Board of Directors of De' Longhi SpA has approved the consolidated results of the first quarter 2019[1].

As at March 31, the Group has achieved the following consolidated results:

- **revenues of € 376.4 million, down 6.5% (-7.7% at an organic [2] level);**
- **net industrial margin of € 181.7 million (down from 49.2% to 48.3% of revenues);**
- ***adjusted* Ebitda[3] down to € 36.5 million (from € 53.4 million), or 9.7% of revenues (from 13.3%);**
- **Ebitda of € 35.1 million (from € 52.4 million) or 9,3% of revenues;**
- **Ebit down to € 16.6 million or 4.4% of revenues (from € 39.3 million or 9.7% of revenues);**
- **net profit of € 11.4 million.**

On a "normalized" [1] basis (excluding the effects of the adoption of IFRS 16 accounting standard):

- ***adjusted* Ebitda of € 31.8 million (or 8.4% of revenues), or rather € 36.2 million at an organic [2] level (or 9.7% of revenues);**
- **Ebit of € 16.4 million (or 4.3% of revenues);**
- **Net profit of € 11.7 million.**

The net financial position at March 31, 2019 amounted to € 144 million, incorporating a negative effect of € 77.9 million from the adoption of the new IFRS 16 accounting standard. On a normalized basis, the NFP stood at € 221.8 million (equal to negative changes of € 6.3 million in the three months and € 39.7 million in the 12 months).

"*The first quarter* - Fabio de' Longhi said- *although not particularly indicative, was slightly weaker than expected, due to a tough and complex comparison with the previous year, to the unfavourable condition of some segments and markets and to the tail end of a more aggressive commercial strategy adopted in the end of 2018. We are still confident about an accelerating second part of the year, with a progressively improving growth path in the coming months and a recovery in margins over the next last two quarters. However, these dynamics, together with the willingness to sustain communication and marketing spending, lead us to revise the guidance for the current year, with organic revenue growth at a rate between 2% and 4% and an adjusted Ebitda slightly below last year in absolute value and on a normalized basis* "

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[1] The figures of the first quarter 2019 include the effects of the adoption of IFRS 16 accounting standard. For comparative purposes, in some cases the figures are "***normalized***", i.e. presented on a comparable basis with those of the previous year, hence excluding the aforementioned effects deriving from the IFRS 16 adoption.

[2] "***Organic***" stands for at constant exchange rates and excluding the impact of derivatives.

[3] "***Adjusted***" stands for before non recurring items and inputed costs of the stock options plan.

Results summary and business review

	1st quarter (Jan. 1st - March 31st)		
	2019	2019 *"normalized"*	2018
	(Eur million unless specified)		
Revenues	**376,4**	**376,4**	402,6
change %	*-6,5%*	*-6,5%*	
organic ch. %	*-7,7%*	*-7,7%*	
net industrial margin	**181,7**	**181,7**	198,0
% of revenues	*48,3%*	*48,3%*	*49,2%*
Ebitda *adjusted*	**36,5**	**31,8**	53,4
% of revenues	*9,7%*	*8,4%*	*13,3%*
Ebitda	**35,1**	**30,4**	52,4
% of revenues	*9,3%*	*8,1%*	*13,0%*
Ebit	**16,6**	**16,4**	39,3
% of revenues	*4,4%*	*4,3%*	*9,7%*
Net Income (pertaining to the Group)	**11,4**	**11,7**	26,4
% of revenues	*3,0%*	*3,1%*	*6,6%*

general outlook

The first quarter 2019 was weaker than expected, in terms of both revenues and margins.

On the revenues side, the first part of the year was negatively impacted, in comparison terms, by several discontinuity factors, some of which supported the first quarter of 2018 (the very favorable heating winter season; the overperformance of the new Lattissima One machine, launched at the end of 2017), others have penalized the first quarter of this year (the termination of the distribution of OEM Nespresso machines to Nespresso boutiques in some European markets; the effect of early sales of comfort products in anticipation of expected tariff hikes on goods imported from China to US; the weakness of some markets and / or segments of small domestic appliances).

On the margin side, the difficult competitive scenario required the adoption of more aggressive commercial strategies. These strategies, as a whole, together with the decline in volumes, had a negative impact on the "normalized" adjusted EBITDA, significantly reducing the margins of the quarter.

revenues

Revenues were down by -6.5% to € 376.4 million, after a positive impact of exchange rates (€ 4.7 million), net of which the organic slowdown would have been -7.7%.

markets

EUR million	**Q1-2018**	*chg. %*	*organic chg. %*
North East Europe	107,4	*4,6%*	*5,4%*
South West Europe	154,8	*-6,1%*	*-6,2%*
EUROPE	262,2	*-2,0%*	*-1,8%*
APA (Asia/Pacific/Americas)	87,1	*-16,2%*	*-20,0%*
MEIA (MiddleEast/India/Africa)	27,2	*-13,1%*	*-17,5%*
TOTAL REVENUES	376,4	*-6,5%*	*-7,7%*

- **South-West Europe** has shown a slowdown in many key countries of the area (with the exception of France), mostly related to the aforementioned discontinuities in the single serve coffee machines and to the weakness of demand in the food preparation business;

- on the contrary, the trend in the **North-East Europe** continued to be positive, with an organic mid-single digit growth, supported by a good performance of Poland and Russia, Ukraine and CIS countries, partially offset by persistent UK weakness;

- the **APA region (Asia-Pacific-Americas)** reported all the main markets (United States and Canada, Australia and New Zealand, China, Japan) in negative territory, mainly due to the difficulties in the categories of comfort, single serve coffee machines and food preparation;

- finally, **MEIA region (Middle East-India-Africa)** was down double digit due to a contraction in some countries in the Middle East area, following the favourable trend of 2018, while a few North-African coutries delivered a strong recovery.

products

In terms of product segments, the quarter was affected by the deep contraction of single serve coffee, comfort and cooking and food preparation.

While for this latest segment the general weakness was due to overall negative markets, for the other two segments the decline was as a result of important discontinuities, as already mentioned: on the one hand the remarkable growth of Lattissima One achieved in the 1st quarter 2018 and the termination of distribution of OEM Nespresso machines to boutiques; on the other hand the favourable winter season of 2018 and the anticipation of sales of portable air conditioners in the US at the end of last year.

However, positive signs came from the full-automatic coffee makers, manual "pump" and drip machines (growing by 6.5% as a whole) and from home care products, which grew at a double digit rate.

operating margins

The trend in margins was penalized by the fall in volumes and by an increase in commercial and promotional costs, which aimed at further improving the market penetration and in a context of strong pressure on prices and intense competition.

Net industrial margin stood at € 181.7 million, down by 8.2%, and decreasing from 49.2% to 48.3% of revenues.

The **adjusted Ebitda** decreased from € 53.4 to € 36.5 million (9.7% of revenues), comprising a positive impact deriving from the adoption of IFRS 16. Net of this impact, therefore in "normalized" terms, adjusted EBITDA was € 31.8 million (8.4% of revenues, with a margin contraction of 490 basis points) and amounting to € 36.2 million (9.7% of revenues) at an organic level.

Ebitda amounted to € 35.1 million (€ 30.4 million normalized), versus € 52.4 million of last year.

Ebit fell from € 39.3 million to € 16.6 million (or 4.4% of revenues), after amortization of € 18.5 million. Normalized Ebit stood at € 16.4 million, after amortization of € 14 million.

financial charges

Net financial charges decreased from € 7 million to € 5 million (€ 4.4 million at a normalized level), thanks to the improvement in the currency-related components and to the savings in bank costs.

net profit

Net profit amounted to € 11.4 million, down from € 26.4 million of last year (€ 11.7 million at normalized values).

net finacial position

As to the balance sheet, the Group reduced its positive **net financial position** from € 261.5 million in March 2018 to € 144 million, also including a negative effect of € 77.9 million arising from the adoption - starting January 1st - of the IFRS 16 accounting standard.
At normalized level - excluding said effect - the NFP at March 31st 2019 was positive for € 221.8 million, with a negative change of € 6.3 million in the quarter and € 39.7 million in the 12 months.

	as of 31.3.2019	**as of 31.3.2019 "normalized"**	as of 31.12.2018	as of 31.03.2018
	Eur million	*Eur million*	*Eur million*	*Eur million*
Net financial position	**144,0**	**221,8**	228,1	261,5
change in the 3 months	*-84,2*	*-6,3*		
change in the 12 months	*-117,6*	*-39,7*		

As regards the quarter's cash flow, the Group incurred industrial and non-industrial investments of € 12.7 million (€ 15.1 million in the first quarter of last year).
As to the **net working capital**, the cash absorption of € 24.9 million in the quarter was totally covered by the positive operating cash flows (€ 25.6 million).
As a ratio to revenues (12 months rolling), the normalized net working capital stood at at 16.9%, increasing vs. the end of 2018 (15.5%) and the first quarter 2018 (13.2%).

Events occurred after the end of the quarter

During today's meeting, the Board of Directors also acknowledged the assessment by the Board of Statutory Auditors of the existence of the independence requirements for all the Statutory Auditors, as required by art. 148 paragraph 3 of the TUF and by the Corporate Governance Code.

Finally, no significant events occurred after the end of the quarter.

Foreseeable business development and *guidance*

As Fabio de' Longhi said: "*The first quarter, although not particularly indicative, was slightly weaker than expected, due to a tough and complex comparison with the previous year, to the unfavourable condition of some segments and markets and to the tail end of a more aggressive commercial strategy adopted in the end of 2018. We are still confident about an accelerating second part of the year, with a progressively improving growth path in the coming months and a recovery in margins over the next last two quarters. However, these dynamics, together with the willingness to sustain communication and marketing spending, lead us to revise the guidance for the current year, with organic revenue growth at a rate between 2% and 4% and an adjusted Ebitda slightly below last year in absolute value and on a normalized basis*"

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.

Contacts

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ANNEXES

Consolidated results of De' Longhi S.p.A.

as of March 31, 2019

1. Consolidated Income Statement

Euro million	1st quarter 2019	% of revenues	1st quarter 2019 normalized	% of revenues	1st quarter 2018	% of revenues
Net Revenues	**376.4**	**100.0%**	**376.4**	**100.0%**	**402.6**	**100.0%**
Change	*(26.2)*	*(6.5%)*	*(26.2)*	*(6.5%)*		
Materials consumed and other production costs (services and production payroll costs)	(194.7)	(51.7%)	(194.7)	(51.7%)	(204.6)	(50.8%)
Net industrial margin	**181.7**	**48.3%**	**181.7**	**48.3%**	**198.0**	**49.2%**
Costs for services and other operating costs	(98.6)	(26.2%)	(103.3)	(27.5%)	(98.7)	(24.5%)
Labour cost (non industrial)	(46.6)	(12.4%)	(46.6)	(12.4%)	(46.0)	(11.4%)
Ebitda before non recurring items and stock option plan (adjusted Ebitda)	**36.5**	**9.7%**	**31.8**	**8.4%**	**53.4**	**13.3%**
Change	*(16.9)*	*(31.6%)*	*(21.6)*	*(40.4%)*		
Other non recurring items / stock option plan	(1.4)	(0.4%)	(1.4)	(0.4%)	(1.0)	(0.2%)
EBITDA	**35.1**	**9.3%**	**30.4**	**8.1%**	**52.4**	**13.0%**
Amortization	(18.5)	(4.9%)	(14.0)	(3.7%)	(13.1)	(3.3%)
EBIT	**16.6**	**4.4%**	**16.4**	**4.3%**	**39.3**	**9.7%**
Change	*(22.6)*	*(57.7%)*	*(22.9)*	*(58.3%)*		
Net financial charges	(5.0)	(1.3%)	(4.4)	(1.2%)	(7.0)	(1.7%)
Profit before taxes	**11.6**	**3.1%**	**11.9**	**3.2%**	**32.2**	**8.0%**
Taxes	(0.2)	(0.1%)	(0.2)	(0.1%)	(5.8)	(1.5%)
Net profit pertaining to the Group	**11.4**	**3.0%**	**11.7**	**3.1%**	**26.4**	**6.6%**

2. Revenues breakdown by geography

Euro million	1st quarter 2019	%	1st quarter 2018	%	change	% change	organic % change
EUROPE	262.2	69.7%	267.5	66.4%	(5.3)	(2.0%)	(1.8%)
APA (Asia / Pacific / Americhe)	87.1	23.1%	103.9	25.8%	(16.8)	(16.2%)	(20.0%)
MEIA (Middle East / India / Africa)	27.2	7.2%	31.3	7.8%	(4.1)	(13.1%)	(17.5%)
Total Revenues	**376.4**	**100.0%**	**402.6**	**100.0%**	**(26.2)**	**(6.5%)**	**(7.7%)**

3. Consolidated Balance Sheet

Euro million	31.03.2019	31.03.2019 normalized	31.03.2018	31.12.2018
- intangible assets	317.3	317.3	320.8	316.9
- tangible assets	316.9	238.9	235.2	237.2
- financial assets	30.7	30.7	26.2	29.6
- deferred tax assets	51.3	51.3	33.5	36.1
Fixed assets	**716.1**	**638.1**	**615.7**	**619.8**
- inventories	488.2	488.2	396.1	404.8
- trade receivables	244.8	244.8	253.5	429.3
- trade payables	(337.8)	(337.8)	(315.0)	(419.8)
- other net current assets / (liabilities)	(49.6)	(49.2)	(71.1)	(91.8)
Net working capital	**345.5**	**345.9**	**263.5**	**322.5**
Non current liabilities	**(108.0)**	**(108.0)**	**(98.5)**	**(104.4)**
Net capital employed	**953.6**	**876.0**	**780.6**	**837.8**
Net debt / (cash)	**(144.0)**	**(221.8)**	**(261.5)**	**(228.1)**
Total shareholders' Equity	**1,097.6**	**1,097.9**	**1,042.1**	**1,065.9**
Total net debt /(cash) and shareholders' equity	**953.6**	**876.0**	**780.6**	**837.8**

4. Detailed Net Financial Position

Euro million	31.03.2019	31.03.2019 normalized	31.03.2018	31.12.2018
Cash and cash equivalents	542.4	542.4	673.3	569.3
Other financial receivables	55.4	55.4	20.5	54.2
Current financial debt	(153.4)	(136.1)	(148.0)	(156.1)
Current net financial assets / (debt)	**444.4**	**461.7**	**545.7**	**467.5**
Non current net financial assets / (debt)	**(300.5)**	**(239.9)**	**(284.2)**	**(239.4)**
Total Net Financial Position	**144.0**	**221.8**	**261.5**	**228.1**
of which:				
- Net financial position versus banks and other lenders	*220.8*	*220.8*	*275.6*	*229.0*
- lease related debt	*(77.9)*	*-*	*-*	*-*
- Net assets /(liabilities) other than bank debt (fair value of derivatives, financial liabilitiesfor business combinations and financial payables connected to pension funds)	*1.0*	*1.0*	*(14.0)*	*(0.9)*

5. Consolidated Cash Flow Statement

Euro million	31.03.2019 (3 months)	31.03.2018 (3 months)	31.12.2018 (12 months)
Casfh flow from operations	25.6	47.3	289.5
Cash flow from working capital	(24.9)	(13.5)	(111.3)
Cash flow from investments	(12.7)	(15.1)	(66.4)
Normalized Operating Cash Flow	**(12.0)**	**18.7**	**111.8**
Net debt arising from adoption of IFRS 16	(77.9)	-	-
Operating Cash Flow	**(89.9)**	**18.7**	**111.8**
Dividend distributed	-	-	(149.5)
Cash flow from changes in the *Fair value* and *Cash flow hedge* reserves	2.5	(4.3)	5.0
Cash flow from other changes in the Net Equity	3.2	(3.5)	10.3
Cash flow from changes in the Net Equity	**5.7**	**(7.8)**	**(134.3)**
Net Cash Flow	**(84.2)**	**10.9**	**(22.5)**
Opening Net Financial Position	228.1	250.6	250.6
Closing Net Financial Position	**144.0**	**261.5**	**228.1**