

PRESS RELEASE

De'Longhi S.p.A.

First half 2018 results. Upgrade of the guidance for the year.

Today, the Board of Directors of De' Longhi SpA has approved the consolidated results as of June 30, 2018.

At the consolidated level¹, the Group has achieved:

- revenues up by 4.6% to € 854.7 million (+ 9.7% at organic² level);
- adjusted³ EBITDA up to € 109.1 million (+ 2.5%), equal to 12.8% of revenues and EBITDA at € 105 million, substantially in line with last year and equal to 12.3% of revenues (despite a € 4.7 million negative currency impact);
- Ebit of € 77.9 million, equal to 9.1% of revenues;
- net profit for the Group of € 55.9 million; net of non-recurring items, net income amounted to € 57.6 million, up by 15.3%;
- positive Net Financial Position at € 155.9 million, improving from the figure of June 30, 2017 (€ 154.1 million): operating cash flow was € 44.2 million over the 6 months and € 153.3 million in the rolling 12 months.

In the second quarter, the Group achieved net revenues of € 452.1 million, growing by 4.7% (+ 9.6% at the organic level) and an adjusted Ebitda of € 55.7 million (+ 3.2%), equal to 12.3% of revenues.

In light of the results of the first half, the management believes that it will be able to achieve, for the current year, an organic growth in revenues at a "high-single digit" rate and a value of the adjusted Ebitda in line with the high end of the consensus (ranging from € 326 and 339 million as at today).

¹ All data here presented are referring to the "continuing operations", which identify Group consolidated figures as determined on the basis of a consolidation perimeter excluding NPE s.r.l., as a result of the preliminary agreement reached with the Chinese group H&T on February 22, 2018, for the sale of the majority stake of NPE.

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

³ "Adjusted" stands for before non recurring items and imputed costs of the stock options plan.

Results summary

	1st Half		2nd Quarter	
	(Jan. 1st - June 30th)		(Apr. 1st - June 30th)	
	2018	2017	2018	2017
	<i>(Eur million unless specified)</i>			
Revenues	854,7	816,7	452,1	431,6
change %	4,6%		4,7%	
organic ch. %	9,7%		9,6%	
net industrial margin	407,1	401,1	209,0	208,8
% of revenues	47,6%	49,1%	46,2%	48,4%
Ebitda adjusted (*)	109,1	106,5	55,7	54,0
% of revenues	12,8%	13,0%	12,3%	12,5%
Ebitda	105,0	104,7	52,6	53,0
% of revenues	12,3%	12,8%	11,6%	12,3%
Ebit	77,9	77,9	38,6	38,9
% of revenues	9,1%	9,5%	8,5%	9,0%
net financial charges	-9,1	-11,1	-2,1	-5,1
non recurring net financial charges	0,0	9,9	0,0	9,9
Net Income (pertaining to the Group)	55,9	57,5	29,5	32,0
% of revenues	6,5%	7,0%	6,5%	7,4%

(*) before non recurring items and imputed costs of the stock options plan.

In terms of "continuing operations", in the first half year, the De' Longhi Group achieved the following results:

- **revenues** of € 854.7 million, up by 4.6% (+ 9.7% at organic level);
- a **net industrial margin** of € 407.1 million, down from 49.1% to 47.6% of revenues, mainly due to increases in raw material prices and to the negative exchange rate impact;
- an **adjusted EBITDA** of € 109.1 million, up by 2.5%, but slightly down on revenues from 13% to 12.8%;
- an **EBIT** of € 77.9 million, substantially in line with the previous year, after absorbing an increase of € 2.2 million in non-recurring costs (without which EBIT would have increased by 2.8%);
- **net financial charges** of € 9.1 million, up by € 7.8 million compared to 2017 (due to the presence in the second quarter of 2017 of extraordinary income of € 9.9 million), while in the "ordinary" component they are reduced by € 2.1 million;
- a **net profit** attributable to the Group of € 55.9 million, down by € 1.5 million compared to 2017. Net of non-recurring items, net profit amounted to € 57.6 million, up by 15.3%.

As for the **second quarter**, the Group achieved revenues up by 4.7% to € 452.1 million (+ 9.6% at an organic level), delivering an adjusted EBITDA up by 3.2% to € 55.7 million, equal to 12.3% of revenues (slightly down from the 12.5% of the previous year, but increasing from 12.3% to 12.4% at constant exchange rates). EBIT amounted to € 38.6 million, while the net profit pertaining to the Group amounted to € 29.5 million, down by € 2.5 million on 2017 but only due to the presence, in the second quarter of last year, of an extraordinary financial income for € 9.9 million. Excluding the non recurring items, the quarter's net profit grew by 27.5% (from € 24.5 to 31.2 million).

As to the balance sheet:

- **net working capital** amounted to € 264.9 million, equal to 13.2% of revenues, i.e. an improvement compared to the figure of the same date of the previous year (€ 271.9 million, equal to 14.4% of revenues);
- the **net financial position** at 30 June was positive for € 155.9 million, a slight improvement compared to 30 June 2017 (€ 154.1 million). Compared to the figure at the end of 2017 (€ 250.6 million), the € 94.7 million reduction in the position was determined by the payment of dividends for € 149.5 million and by investments for total € 28.6 million.

	as of 30.6.2018	as of 31.12.2017	as of 30.6.2017
	<i>Eur million</i>	<i>Eur million</i>	<i>Eur million</i>
net financial position	155,9	250,6	154,1
<i>change in the 6 months</i>	<i>-94,7</i>		
<i>change in the 12 months</i>	<i>1,8</i>		
bank net financial position	157,0	271,1	161,4
<i>change in the 6 months</i>	<i>-114,2</i>		
<i>change in the 12 months</i>	<i>-4,5</i>		

Business review

general outlook

In general, the second quarter confirmed, in its main features, the picture that emerged in the first quarter of the year, i.e. an organic growth in line with the best estimates of market consensus, within a general market and demand context that was not always favorable.

At the basis of this growth are the strategy of geographical expansion and diversification implemented by the Group in the recent years and the increased investments in communication and marketing planned for years 2017-2018.

The first half-year, and with it the second quarter, confirmed a coffee growing at a double-digit rate and a Braun brand in a very good shape, i.e. two segments which account for about 56% of total turnover.

markets

In more detail, at an organic level, the six months saw growth in all geographies, with North-Eastern Europe and the APA area (Asia-Pacific-Americas) in particular evidence, both with double-digit growth rates. .

As already mentioned, all regions have been heavily impacted by a negative exchange rates effect, with the sole exception of south-western Europe, where most of the revenues are expressed in Euros; overall, the foreign exchange effect subtracted about 5 percentage points from the revenues' growth (ca. € 41 million in the first half and 21 million in the second quarter).

<i>EUR million</i>	1st Half 2018	<i>chg. %</i>	<i>organic chg. %</i>	2nd Quarter 2018	<i>chg. %</i>	<i>organic chg. %</i>
South West Europe	352,5	4,3%	5,3%	184,8	5,0%	6,5%
North East Europe	204,2	8,8%	14,0%	101,5	3,4%	9,5%
EUROPE	556,8	5,9%	8,4%	286,3	4,4%	7,6%
APA (Asia/Pacific/Americas)	238,5	4,4%	14,2%	134,6	9,2%	17,0%
MEIA (MiddleEast/India/Africa)	59,5	-5,3%	5,0%	31,1	-8,5%	-1,3%
TOTAL REVENUES	854,7	4,6%	9,7%	452,1	4,7%	9,6%

In the six months:

- **south-west Europe** showed a rather widespread growth pattern, with a marked recovery in France in the second quarter (it was negative in the first quarter) and with Austria and Switzerland in double-digit growth, more than offsetting the decline in Italy and Greece;
- positive picture also for **north-east Europe**, in both organic and nominal terms, with Russia, Ukraine and the former CIS countries in particular evidence, while the United Kingdom was still down;
- the **APA** region (Asia-Pacific-Americas) was still growing, although suffering from a negative currency impact of around 10 percentage points, due to the depreciation of the region's currency basket (primarily US Dollar, Australian Dollar, Chinese Renminbi and Japanese Yen); in particular, in the second quarter, United States and North America, China and Japan grew at an organic double-digit rate;
- the performance of the **MEIA** region (Middle East-India-Africa) was also positive, at an organic level, thus confirming a normalization trend compared to what was highlighted last year. The depreciation of the reference currencies of the area, mainly the US dollar, accounted for around 10 percentage points of growth.

products

The strong progression of coffee machines continued in the first half, with growth at about 22% and a positive contribution from all segments of espresso (full-automatic, manual and capsule systems).

In the food preparation segment, both the Braun's handblenders and Kenwood's kitchen machines grew at an organic level (the latter up by ca. 3% in the first half). Overall, in the first half, at an organic level, the cooking and food preparation segment was in line with the previous year.

Finally, with regard to comfort products (portable heaters and air conditioners), we report a positive performance in the half-year at an organic level, while in the minority segment of home care, overall slightly down in the first half, there was evidence of continued growth of Braun ironing systems, which represent the product family with the best profitability within the segment.

operating margins

The margins' trend, on the one hand, benefited from the sustained organic growth, especially in the more premium product families, but on the other hand it was affected by a certain pressure on the cost of raw materials, in line with the company's expectations.

The **net industrial margin** amounted to € 407.1 million, up in absolute value, but down as a percentage of revenues (from 49.1% to 47.6%), mainly due to pressures on the raw materials prices and to the negative impact of exchange rates.

Adjusted EBITDA increased from € 106.5 to € 109.1 million, up 2.5%, reaching 12.8% of revenues (against 13% of the previous year). After non-recurring charges and imputed costs of the stock option plan for a total of € 4.1 million (€ 1.8 million in the first half of 2017), **Ebitda** stood at € 105 million, substantially in line with last year and equal to 12.3% of revenues.

EBIT amounted to € 77.9 million (9.1% of revenues), flat in comparison to the previous year, after absorbing higher non-recurring charges of € 2.2 million, gross of which would have increased by 2.8%.

financial charges

Net financial charges, in "ordinary" operations, decreased by € 2.1 million to € 9.1 million.

However, for the purposes of comparison, we highlight the presence, in the second quarter of 2017, of non-recurring financial revenues of € 9.9 million (mainly related to the evaluation of the fair value of earn-out for Braun). Therefore, the total change in net financial charges, both ordinary and non-recurring, compared to the previous year, was negative by € 7.8 million.

net profit

The **net profit** pertaining to the Group amounted to € 55.9 million (€ 57.5 million in 2017). From a tax point of view, the first half benefited from the incentives provided for by the "patent box" regulation. Excluding non recurring items⁴, net profit amounted to € 57.6 million, up by 15.3%.

⁴ Operating and financial, net of the related tax effect.

the Net Financial
Position

As for the balance sheet, the net financial position benefited from an operating cash flow of € 44.2 million over the 6 months and € 153.3 million over the rolling 12 months. The financial position as at 30 June was positive at € 155.9 million (€ 157 million net of the components relating to the fair value of derivatives and other non-banking components), substantially in line with the value at the same date of last year.

As to the net working capital, we report an improvement in the ratio on the 12 months rolling revenues from 14.4% to 13.2%.

Lastly, during the first half of the year, the Group incurred industrial and non-industrial investments of € 28.6 million (of which € 4.2 million non recurring), including the completion phase of the expansion of the production site in Romania.

Events occurred after the end of the period

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

Foreseeable business development and *guidance*

In light of the results of the first half, which showed a sustained organic growth trend, the company's management believes that it will be able to achieve, in the current year, an organic growth in revenues at a "high-single digit" rate and a value of the adjusted Ebitda in line with the high end of the consensus (ranging from € 326 and 339 million as at today).

Other resolutions of the Board of Directors

In continuity with the publication of the Non-Financial Statement, the Board of Directors, in today's meeting, also approved the Group's first Sustainability Report for the financial year 2017. The publication of this document will coincide with the publication of the half-year Financial Report as at June 30, 2018.

The Board of Directors has also approved the updated version of the Code of Ethical Conduct of the De' Longhi Group, which defines the set of values that the Group recognizes, accepts and shares. The document is available on the Company's corporate website at www.delonghigroup.com (section Investor Relations > Governance > Code of Ethical Conduct).

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 June 30, 2018

(" continuing operations")

1. Consolidated Income Statement

Euro million	1st half 2018	% of revenues	1st half 2017	% of revenues
CONTINUING OPERATIONS				
Net revenues	854.7	100.0%	816.7	100.0%
<i>change 2018/2017</i>	<i>38.0</i>	<i>4.6%</i>		
Materials consumed and other production costs (services and production payroll costs)	(447.6)	(52.4%)	(415.6)	(50.9%)
Net industrial margin	407.1	47.6%	401.1	49.1%
Costs for services and other operating costs	(209.9)	(24.6%)	(206.2)	(25.2%)
Labour cost (non industrial)	(88.1)	(10.3%)	(88.5)	(10.8%)
EBITDA before non recurring items / stock option plan	109.1	12.8%	106.5	13.0%
<i>change 2018/2017</i>	<i>2.6</i>	<i>2.5%</i>		
Other non recurring items / stock option plan	(4.1)	(0.5%)	(1.8)	(0.2%)
EBITDA	105.0	12.3%	104.7	12.8%
Amortization	(27.1)	(3.2%)	(26.8)	(3.3%)
EBIT	77.9	9.1%	77.9	9.5%
<i>change 2018/2017</i>	<i>0.0</i>	<i>0.0%</i>		
Net financial charges	(9.1)	(1.1%)	(11.1)	(1.4%)
Non recurring net financial income/charges	-	-	9.9	1.2%
Profit before taxes	68.8	8.1%	76.6	9.4%
Taxes	(12.9)	(1.5%)	(19.1)	(2.3%)
Net profit / (loss) of the Continuing Operations	55.9	6.5%	57.5	7.0%
DISCONTINUED OPERATION				
Net profit / (loss) of the Discontinued Operations	(0.3)		(1.3)	
Consolidated net profit / (loss) pertaining to the Group	55.6	6.4%	56.2	6.7%

2. Revenues breakdown by geography

Euro million	1st half 2018	% of revenues	1st half 2017	% of revenues	Change	Change %
North-East Europe	204.2	23.9%	187.6	23.0%	16.6	8.8%
South-West Europe	352.5	41.2%	337.9	41.4%	14.6	4.3%
EUROPE	556.8	65.1%	525.6	64.4%	31.2	5.9%
APA (Asia/Pacific/Americhe)	238.5	27.9%	228.3	28.0%	10.1	4.4%
MEIA (Middle East/India/Africa)	59.5	7.0%	62.8	7.7%	(3.3)	(5.3%)
Total revenues	854.7	100%	816.7	100.0%	38.0	4.6%

3. Consolidated Balance Sheet

Euro million	30.06.2018	30.06.2017	31.12.2017	Change 30.06.18 – 30.06.17	Change 30.06.18 – 31.12.17
- Intangible assets	321.4	321.8	320.9	(0.5)	0.4
- Tangible assets	234.5	215.1	233.1	19.4	1.4
- Financial assets	26.9	27.1	26.1	(0.2)	0.9
- Defferes tax assets	36.6	43.4	32.3	(6.8)	4.2
Fized assets	619.4	607.4	612.4	12.0	6.9
- Inventories	458.6	406.7	329.7	52.0	128.9
- Trade receivables	247.5	246.2	401.5	1.4	(154.0)
- Trade payables	(380.3)	(322.3)	(366.1)	(58.0)	(14.2)
- Other net current assets / (liabilities)	(61.0)	(58.6)	(107.4)	(2.3)	46.5
Net working capital	264.9	271.9	257.8	(7.0)	7.2
				-	-
Non current liabilities	(102.5)	(115.7)	(97.5)	13.2	(5.1)
Net capital employed	781.8	763.6	772.7	18.2	9.1
Net debt / (cash)	(155.9)	(154.1)	(250.6)	(1.8)	94.7
Total shareholders' equity	937.7	917.7	1.023.3	20.0	(85.6)
Total net debt/(cash) and shareholders' equity	781.8	763.6	772.7	18.2	9.1

4. Detailed Net Financial Position

Euro million	30.06.2018	30.06.2017	31.12.2017	Change 30.06.18 – 30.06.17	Change 30.06.18 – 31.12.17
Cash and cash equivalents	490.0	444.7	664.7	45.3	(174.7)
Other financial receivables	28.2	23.2	8.3	5.0	19.9
Current financial debt	(101.0)	(86.1)	(138.3)	(14.9)	37.4
Current net financial assets / (debt)	417.3	381.9	534.7	35.4	(117.4)
Non current net financial assets / (debt)	(261.3)	(227.8)	(284.1)	(33.5)	22.7
Total net financial position	155.9	154.1	250.6	1.8	(94.7)
<i>Of which:</i>					
- Net financial position versus banks and other lenders	157.0	161.4	271.1	(4.5)	(114.2)
- Net assets /(liabilities) other than bank debt (fair value of derivatives, financial liabilities for business combinations and financial payables connected to pension funds)	(1.0)	(7.3)	(20.5)	6.3	19.5

5. Consolidated Cash Flow Statement

Euro million	30.06.2018 (6 months)	30.06.2017 (6 months)	31.12.2017 (12 months)
Cash flow from operations	98.9	101.0	277.6
Cash flow from changes in working capital	(26.1)	(48.3)	(67.5)
Cash flow from investments	(28.6)	(74.7)	(122.7)
Operating cash flow	44.2	(22.0)	87.4
Dividends	(149.5)	(119.6)	(119.6)
Changes in <i>Fair Value</i> and <i>Cash Flow Hedge</i> reserves	6.1	(8.1)	(14.5)
Cash flow from other changes in the net equity	4.5	(12.5)	(19.0)
Cash flow from changes in the net equity	(138.8)	(140.1)	(153.0)
Net cash flow	(94.7)	(162.2)	(65.6)
Opening net financial position	250.6	316.2	316.2
Closing net financial position	155.9	154.1	250.6