Treviso, March 14th, 2019

DēLonghi Group

PRESS RELEASE

De' Longhi S.p.A.

Consolidated results of year 2018: a year of solid performance, with growth in revenues, profit and free cash flow.

Today, the Board of Directors of De' Longhi S.p.A. has approved the consolidated results as of December 31st, 2018[1]:

- **Revenues were up by 5.4% to € 2,078.4 million (+8.4% in organic terms[2]);**
- **Adjusted[3] Ebitda was up to € 312.8 million, or 15.1% of revenues: at organic level the margin was in line with the previous year (at 15.2%);**
- **net profit amounted to € 183.9 million up by 2.3%, but the adjusted net profit grew by 9.9% to € 190.3 million;**
- **cash flow before dividends ("free-cash-flow") amounted to € 127 million, up compared to the previous year (€ 54 million);**
- **net financial position was positive by € 228.1 million, after investments totalling € 66.4 and dividends paid amounting to € 149.5 million;**

The Board of Directors, with the aim at favouring new investment initiatives and the external growth, proposed the distribution of a dividend of € 0.37 per share, equal to a total amount of € 55.3 million and a pay-out ratio of 30%.

In light of the positive results of the year and in continuity with it, the management forecasts for 2019 organic sales growing at rate in the mid-single digit area and an increase in adjusted Ebitda in absolute value.

1 The data presented here refers to "continuing operations" or the values of the Group consolidation determined with reference to a perimeter of consolidation that does not include the company NPE srl, following the notarial deed dated 19.12.2018 with the Chinese H&T Group for the sale of the controlling share of the said company NPE.

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

3 "Adjusted" means gross of non-recurring charges / income, the figurative cost of the stock option plan and the related tax effect.

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Results summary

In the last 12 months the De' Longhi Group achieved the following results:

- consolidated **revenues** at € 2,078.4 million, growing by 5.4% (+8.4% in organic terms);

	12 months (Jan. 1st - Dec. 31st)		4th quarter (Oct.1st - Dec. 31st)	
	2018	2017	2018	2017
			(Eur million unless specified)	
Revenues	**2,078.4**	1,972.8	**778.1**	734.4
change %	*5.4%*		*5.9%*	
organic ch. %	*8.4%*		*7.4%*	

- **net industrial margin** growing by 2.4% to € 990.7 million, slightly declining as a percentage of revenues (from 49% to 47.7%);
- **adjusted Ebitda** increasing to € 312.8 million (from € 309.5 million), declining from 15.7% to 15.1% as a percentage of revenues, but stable in organic terms at 15.2%;
- **Ebitda** equal to € 304.5 million, substantially in line with the previous year (€ 303.7 million),
- **EBIT** amounting to € 242.9 million (up from € 245.4 million), equalling 11,7% of revenues (from 12.4%);
- **net financial charges** amounting to € 19 million, decreasing by € 11.8 million, mainly as a consequence of a positive policy exchange rates and hedging costs;
- **net profit pertaining to the Group** equal to € 183.9 million, up by 2.3%; however, **adjusted net profit** grew by 9.9% to € 190.3 million.

	12 months		4th quarter	
	2018	2017	2018	2017
	(Eur million unless specified)			
net industrial margin	**990.7**	967.3	**373.1**	359.6
% of revenues	*47.7%*	*49.0%*	*48.0%*	*49.0%*
Ebitda *adjusted* (*)	**312.8**	309.5	**150.7**	150.0
% of revenues	*15.1%*	*15.7%*	*19.4%*	*20.4%*
Ebitda	**304.5**	303.7	**147.4**	148.5
% of revenues	*14.7%*	*15.4%*	*18.9%*	*20.2%*
Ebit	**242.9**	245.4	**130.0**	132.2
% of revenues	*11.7%*	*12.4%*	*16.7%*	*18.0%*
net financial charges	**-19.0**	-30.8	**-5.0**	-11.9
non recurring net financial charges	**0.0**	14.6	**0.0**	-0.6
Net Income (pertaining to the Group)	**183.9**	179.7	**101.9**	89.0
% of revenues	*8.8%*	*9.1%*	*13.1%*	*12.1%*

As for the balance sheet:

- a positive **net financial position** as at 31[st] December of € 228.1 million, down by € 22.5 million from the previous year, after a cash outlay for dividends of € 149.5 million and investments of € 66.4 million**;**
- a positive cash flow before dividends (***free cash flow***) of € 127 million, up compared to the previous year (€ 54 million).

	as of 31.12.2018	as of 31.12.2017
	Eur million	*Eur million*
net financial position	**228.1**	250.6
change in the 12 months	*-22.5*	
bank net financial position	**229.0**	271.1
change in the 12 months	*-42.1*	

In the **fourth quarter**:

- revenues grew by 5.9% to € 778.1 million (+ 7.4% at organic level);
- the net industrial margin rose to € 373.1 million, equal to 48% of revenues (48.6% at organic level, substantially in line with 2017);
- adjusted EBITDA amounted to € 150.7 million (€ 150 million in 2017), stable at 20.1% of revenues at organic level.

Business review

general outlook

The 2018 was characterized by a continuity of the growth path already undertaken in 2017: the coffee segment gave a fundamental boost to the expansion of the Group's revenues, accompanied by brilliant growth both in comfort products (portable heaters and air conditioners) and of cleaning and ironing ("home care").

In food preparation, in a global market context in marked decline, the Group was able to maintain its leadership in the key product families for Kenwood and Braun (the kitchen machines and hand blenders), thanks to targeted investments in the area of communication and media, grown by approx. 7 million in the year.

markets

Geographically, all macro-areas achieved an expansion in sales, both in the fourth quarter and in the twelve months.

2018 confirmed that the expansion strategy of recent years has produced greater geographical diversification, bringing the North American market (United States and Canada) to be the second largest contributor in terms of revenues for the Group, after Germany.

Revenues of the "*continuing operations*"

EUR million	**12 months 2018**	*chg. %*	*organic chg. %*	**4th Quarter 2018**	*chg. %*	*organic chg. %*
South West Europe	824.1	*1.7%*	*2.4%*	303.5	*0.3%*	*0.8%*
North East Europe	552.3	*7.5%*	*12.4%*	225.1	*5.7%*	*9.7%*
EUROPE	1,376.4	*3.9%*	*6.3%*	528.6	*2.5%*	*4.5%*
APA (Asia/Pacific/Americas)	566.0	*8.7%*	*13.0%*	208.1	*12.6%*	*13.2%*
MEIA (MiddleEast/India/Africa)	136.0	*6.3%*	*10.9%*	41.5	*21.3%*	*19.6%*
TOTAL REVENUES	2,078.4	*5.4%*	*8.4%*	778.1	*5.9%*	*7.4%*

- **South-west Europe** grew by 1.7% and 0.3% in the 12 months and the quarter respectively (2.4% and 0.8% at organic level), with a slowdown in Italy, France and the Iberian peninsula, offset by an expansion of sales in Germany, Austria and Switzerland;

- **North-East Europe** grew by 7.5% in the 12 months and by 5.7% in the fourth quarter, supported in the recent months by a double-digit improvement in Poland, Czech Republic, Slovakia and Hungary. In general, this area suffered from a markedly negative exchange rates impact, net of which growth was 12.4% and 9.7% respectively.

  We highlight in particular:

  - the recovery of the British market, which stopped the negative trend at an organic level (stable in the 12 months, but up 6.5% in the fourth quarter);
  - the good performance of the markets of Russia, Ukraine and CIS countries (with double-digit growth in the year, despite a retracement in the fourth quarter) and the Benelux;
  - the continuous double digit expansion of Poland, ranking third in the area, but in first place in terms of performance;

- the **MEIA** (Middle East-India-Africa) region is also growing, for which we report an expansion in the quarter of 21.3%, thanks to the strong recovery of Saudi Arabia and the Emirates; overall, in the year, organic growth was 10.9%, down to 6.3% due to the impact of exchange rates;

- finally, positive indications also came from the **APA** region (Asia-Pacific-Americas), which grew by 8.7% in the 12 months and by 12.6% in the fourth quarter. Leading sales in the region were the Asian countries and the North American area, the latter with an important double-digit expansion both in the year and in the last quarter, in contrast with the weakness of Australia and the New Zealand, due to a certain saturation of the market in the coffee and food preparation sectors.

products

In general, in 2018, we have experienced a steady and marked growth in the **coffee machines** segment, which today accounts for around 47% of total sales, manily thanks to full-automatic machines, traditional models and Nespresso Lattissima machines .
During the year this segment increased by 11.3% (+ 13.8% organic). We point out that this dynamic has led to increase market shares for the third year in a

row and therefore the undisputed leadership of De 'Longhi in the world market of coffee machines for households.

The **food preparation** segment, which accounted for 30% of revenues, closed the year slightly down compared to 2017, both at reported and organic levels, due also - but not only - to the exchange rates effect.

At the organic level, we note with satisfaction the moderate growth of Kenwood kitchen machines and Braun handblenders, i.e. the two product families that represent around 50% of the segment.

The remaining sectors - **cleaning** and **ironing** and **comfort** products - contributed positively to the expansion of revenues in 2018, with significant growth both in the twelve months and in the last part of the year. In particular, home care products recorded a double digit progression in the fourth quarter, thanks to the benefits of the launch of the new Braun ironing systems. As far as the comfort sector is concerned, the climate trend of the year has reinvigorated sales in many geographical areas, contributing to sustained growth in both portable heaters and air conditioners.

operating margins

The trend in operating margins was partially affected by the rise of raw materials' cost and by the effects of the worsening of the competitive scenario, whose tensions required a policy of decisive interventions to protect market shares. Specifically, greater promotional and support activities for the distribution and sales networks were necessary, especially in some markets, with the primary objective of ensuring adequate visibility to our products.
On the other hand, the sustained growth and focus on the key categories of the Group allowed the company to benefit from a favorable product mix, whose contribution was higher than in 2017.

The **net industrial margin** increased to € 990.7 million, equal to 47.7% of revenues (against € 967.3 million or 49% of revenues in 2017), with a retreat at constant exchange rates of 1% of revenues compared to 2017 (but stable in the fourth quarter).

Adjusted EBITDA increased in absolute terms from € 309.5 million to € 312.8 million, down from 15.7% to 15.1% of revenues due to a negative exchange rate effect (equal to € -20,3 million), but remaining stable at 15.2% on an organic level. Similarly, in the fourth quarter, the organic adjusted EBITDA remained stable in 2017 at a value of 20.1% of revenues (against a drop from 20.4% to 19.4% at nominal level).

After amortization increasing both in the 12 months and in the fourth quarter, **operating income (EBIT)** increased to € 242.9, reaching 11.7% of revenues in the twelve months (€ 130 million in the fourth quarter, equal to 16 ,7% of revenues).

financial charges

Net financial charges amounted to € 19 million, a net decrease compared to € 30.8 million in the previous year, mainly due to the positive contribution of € 10 million coming from the exchange rates and hedging management.

We also recall that in 2017 non-repeatable financial income was booked for € 14.6 million, which in 2018 created an important comparative discontinuity in terms of pre-tax profit.

net profit

The effect just mentioned is evident in the comparison of the gross profit, equal to € 223.9 million, down compared to € 229.2 million in 2017, while, once the aforementioned non-repeatable financial component was neutralized, the gross profit would be up 4.3%, from € 214.6 to € 223.9 million.

Net profit (pertaining to the Group) was € 183.9 million, up 2.3%, thanks also to the tax benefits deriving from the reduction in the Italian corporate tax rate and, above all, from Italian tax benefits related to investments in trademarks and patents provided for by the so-called "Patet box" regulation.

Finally, the picture of net profit further improves if we take out all non-recurring, financial and non-financial, components: **adjusted net income** is therefore equal to € 190.3 million, up 9.9% on 2017.

Balance sheet

At the balance sheet level, **the net financial position** as at 31 December was positive for € 228.1 million, down by € 22.5 million from the previous year, after a cash-out for dividends of € 149.5 million (equal to an increase of € 29.9 million on the previous year) and investments for € 66.4 million.

The net financial position relating to banks and other lenders was positive for € 229.0 million, down by € 42.1 million compared to the same date in 2017 (€ 271.1 million).

The evolution of the financial position was influenced by the higher absorption of **net working capital**, increased by € 64.7 million in the 12 months and up as a percentage of revenues to 15.5% from 13.1%. Most of the increase is attributable to a higher level of inventories compared to the previous year, due to an anticipation of some supplies to the North American market (in anticipation of increases in duties on goods imported from China) as well as to rising stocks to meet the coffee growth trend budgeted for the first few months of the current year.

Finally, the cash flow before dividends (“***free-cash-flow***”), was positive for € 127 million, increasing against to the previous year (€ 54 million)

dividend

The Board of Directors, with the aim at favouring new investment initiatives and the external growth, has resolved to propose to the Shareholders' Meeting (to be held on April 30, 2019) a dividend of € **0.37** per share, for a total amount of € 55.3 million, payable starting May 22, 2019, with ex-coupon on May 20, 2019 and with the so-called record date pursuant to art. 83-terdecies of Legislative Decree no. 58/98 on May 21, 2019, equal to a pay-out ratio of 30% of the Group's consolidated net profit comprising also the profit of the *Discontinued operations* (equal to € 184.7 million).

Events occurred after the end of the year

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

Foreseeable business development and guidance

2018 proved to be a year of solid performance, albeit in a context of great complexity both in terms of markets and global macroeconomic scenario. The resulting challenges have forced the company to adopt, in a flexible way, all measures necessary to preserve its leadership positions and to ensure maximum reach to those business segments that enjoy a favourable momentum, also with a view to a medium term development.
In continuity with the year just ended, the management is confident to be able to achieve organic growth in the current year at a mid-single-digit rate and an improvement in adjusted EBITDA in absolute value.

Other resolutions of the Board of Directors

SHAREHOLDERS' MEETING CALL
In today's meeting, the Board of Directors also resolved to call the Ordinary Shareholders' Meeting at the registered office of the Company, in Treviso, Via L. Seitz 47, in a single call, for 30 April 2019, to deliberate on: (i) the approval of the financial statements for the year ending 31 December 2018 and allocation of the profits for the year, (ii) the renewal of the Board of Directors and of the Board of Statutory Auditors, (iii) the authorisation to purchase and dispose of treasury shares. The Shareholders' Meeting will also be called upon to express its consultive vote regarding the Remuneration Policy 2019 contained in Section I of the Remuneration Report prepared in accordance with Art. 123-ter, para. 3 of Legislative Decree no. 58/98 ("TUF" - Consolidated Law on Finance).
The call notice of the Shareholders' Meeting and the related documentation required by current legislation, including the Explanatory Report on the items of the agenda, prepared by the Board of Directors pursuant to Art. 125-ter of the TUF, will be made available to the public, as required by law, at the registered office and on the Company's website (www.delonghigroup.com, "Investor Relations" – "Governance" – "Shareholders' Meeting" –"2019" section), as well as on the 1INFO authorised storage mechanism available at www.1info.it, together with the additional documentation required; in compliance with current legislation, an extract of the call notice of the Shareholders' Meeting will also be published in a newspaper.

PROPOSAL TO AUTHORISE THE PURCHASE AND DISPOSAL OF TREASURY SHARES
With particular reference to the proposal to renew the Shareholders' Meeting authorisation for the purchase and disposal of treasury shares, subject to revocation of the resolution adopted by the Shareholders' Meeting of 19 April 2018, it is pointed out that the reasons underlying the authorisation will be specified in detail in the above Explanatory Report pursuant to article 125-ter of the TUF, to which reference is made, which will be made available to the public, together with the call notice of the Shareholders' Meeting, at least 40 days before the date of the Shareholders' Meeting using the methods indicated above.
The proposal envisages that: (i) the maximum number of shares that can be purchased, also on several occasions, is equal to a maximum of 14,500,000 ordinary shares with a nominal value of € 1.50 each, and therefore not exceeding one fifth of the share capital; (ii) the purchase authorisation is valid for a period of 18 months, while the duration of the authorisation to dispose of treasury shares is without time limits; (iii) the unit purchase price must not be more than 15% (fifteen percent) lower and not more than 15% (fifteen percent) higher than the official price of trades registered on the Electronic Stock Market on the three trading days day prior to the purchase or the announcement of the transaction, depending on the technical methods identified by the Board of Directors, without prejudice to the additional limits deriving from time to time from applicable law and accepted market practices; (iv) the purchase transactions may be carried out in compliance with Art. 5 of EU Regulation No. 596/2014, Art. 132 of the TUF, Art. 144-bis of the Issuers' Regulation and with accepted market

practices, and in any case in such a way as to ensure equal treatment of Shareholders and compliance with all applicable regulations, including EU regulations (in particular, the regulatory technical standards adopted to implement EU Regulation No. 596/2014).

APPROVAL OF OTHER DOCUMENTS
In today's meeting, the Board of Directors also approved (i) the Report on Corporate Governance and Shareholding Structure for 2018, drafted in accordance with Art. 123-bis of the TUF and (ii) the Remuneration Report prepared in accordance with Art. 123-ter, para. 3 of the TUF which includes, in Section I, the "Remuneration Policy 2019" which will be submitted to the consultive vote of the Shareholders' Meeting.
Both the above reports will be made available to the public – together with the Annual Financial Report at 31 December 2018, containing the separate financial statements and consolidated financial statements at 31 December 2018, the Report on Operations, the Reports by the Board of Statutory Auditors and by the External Auditors, as well as the consolidated non-financial statement pursuant to Legislative Decree No. 254/16 – on 8 April 2019, at the registered office, on the Company's website (www.delonghigroup.com, "Investor Relations" – "Governance" – "Shareholders' Meeting" – "2019" section) and on the 1INFO authorised storage mechanism available at www.1info.it. The lists of candidates submitted for the renewal of the Board of Directors and of the Board of Statutory Auditors will also be made available by 9 April 2019 using the same methods.

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 December 31, 2018

DēLonghi Group

1. Consolidated Income Statement

Euro million	2018	% of revenues	2017	% of revenues
CONTINUING OPERATIONS				
Net Revenues	**2,078.4**	**100.0%**	**1,972.8**	**100.0%**
change 2018/2017	*105.6*	*5.4%*		
Materials consumed and other production costs (services and production payroll costs)	(1,087.8)	(52.3%)	(1,005.5)	(51.0%)
Net industrial margin	**990.7**	**47.7%**	**967.3**	**49.0%**
Costs for services and other operating costs	(503.7)	(24.2%)	(481.5)	(24.4%)
Labour cost (non industrial)	(174.1)	(8.4%)	(176.3)	(8.9%)
Ebitda before non recurring items and stock option plan (adjusted Ebitda)	**312.8**	**15.1%**	**309.5**	**15.7%**
Change 2018/2017	*3.3*	*1.1%*		
Other non recurring items / stock option plan	(8.3)	(0.4%)	(5.8)	(0.3%)
EBITDA	**304.5**	**14.7%**	**303.7**	**15.4%**
Amortization	(61.6)	(3.0%)	(58.2)	(3.0%)
EBIT	**242.9**	**11.7%**	**245.4**	**12.4%**
change 2018/2017	*(2.5)*	*(1.0%)*		
Net financial charges	(19.0)	(0.9%)	(30.8)	(1.6%)
Non recurring net financial income / (charges)	-	0.0%	14.6	0.7%
Profit before taxes	**223.9**	**10.8%**	**229.2**	**11.6%**
Taxes	(40.0)	(1.9%)	(49.5)	(2.5%)
Net profit of the *Continuing Operations*	**183.9**	**8.8%**	**179.7**	**9.1%**
DISCONTINUED OPERATIONS				
Net profit of the *Discontinued Operations*	0.8	0.0%	(1.5)	(0.1%)
Net profit pertaining to the Group	**184.7**	**8.9%**	**178.3**	**9.0%**

2. Revenues breakdown by geography

Euro million	2018	% of revenues	2017	% of revenues	change	change %
North East Europe	552.3	26.6%	513.6	26.0%	38.7	7.5%
South West Europe	824.1	39.7%	810.7	41.1%	13.5	1.7%
TOTAL EUROPE	**1,376.4**	**66.2%**	**1,324.2**	**67.1%**	**52.2**	**3.9%**
USA and Canada	226.4	10.9%	189.5	9.6%	36.9	19.5%
Australia and New Zealand	100.8	4.9%	109.0	5.5%	(8.2)	(7.5%)
Japan	84.8	4.1%	80.1	4.1%	4.7	5.9%
other countries of APA	154.0	7.4%	142.0	7.2%	11.9	8.4%
TOTAL APA (Asia/Pacific/Americhe)	**566.0**	**27.2%**	**520.6**	**26.4%**	**45.4**	**8.7%**
MEIA (Middle East/India/Africa)	**136.0**	**6.5%**	**128.0**	**6.5%**	**8.0**	**6.3%**
Total Revenues	**2,078.4**	**100%**	**1,972.8**	**100.0%**	**105.6**	**5.4%**

3. Consolidated Balance Sheet

Euro million	31.12.2018	31.12.2017	change
- intangible assets	316.9	320.9	(4.1)
- tangible assets	237.2	233.1	4.1
- financial assets	29.6	26.1	3.5
- deferred tax assets	36.1	32.3	3.8
Fixed assets	**619.8**	**612.4**	**7.3**
- inventories	404.8	329.7	75.1
- trade receivables	429.3	401.5	27.7
- trade payables	(419.8)	(366.1)	(53.7)
- other net current assets / (liabilities)	(91.8)	(107.4)	15.6
Net working capital	**322.5**	**257.8**	**64.7**
Non current liabilities	**(104.4)**	**(97.5)**	**(7.0)**
Net capital employed	**837.8**	**772.7**	**65.1**
Net debt / (cash)	**(228.1)**	**(250.6)**	**22.5**
Total shareholders' Equity	**1,065.9**	**1,021.7**	**44.2**
Net Assets of the *Discontinued operations*	**-**	**1.6**	**(1.6)**
Total net debt /(cash) and shareholders' equity	**837.8**	**772.7**	**65.1**

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4. Detailed Net Financial Position

Euro million	31.12.2018	31.12.2017	change
Cash and cash equivalents	569.3	664.7	(95.4)
Other financial receivables	54.2	8.3	46.0
Current financial debt	(156.1)	(138.3)	(17.7)
Current net financial assets / (debt)	**467.5**	**534.7**	**(67.2)**
Non current net financial assets / (debt)	**(239.4)**	**(284.1)**	**44.7**
Total Net Financial Position	**228.1**	**250.6**	**(22.5)**
of which:			
- Net financial position versus banks and other lenders	*229.0*	*271.1*	*(42.1)*
- Net assets /(liabilities) other than bank debt (fair value of derivatives, financial liabilitiesfor business combinations and financial payables connected to pension funds)	*(0.9)*	*(20.5)*	*19.6*

5. Consolidated Cash Flow Statement

	Continuing Operations		Total Group	
Euro million	**2018**	**2017**	**2018**	**2017**
Casfh flow from operations	289.5	277.6	289.8	277.3
Cash flow from working capital	(111.3)	(67.5)	(101.2)	(73.4)
Cash Flow from operations and working capital	**178.1**	**210.1**	**188.6**	**204.0**
Cash flow from investments	(66.4)	(122.9)	(59.9)	(124.1)
Operating cash flow	**111.8**	**87.2**	**128.7**	**79.9**
Dividend distributed	(149.5)	(119.6)	(149.5)	(119.6)
Cash flow from changes in the *Fair value* and *Cash flow hedge* reserves	5.0	(14.5)	5.0	(14.6)
Cash flow from other changes in the Net Equity	10.3	(18.8)	10.4	(18.8)
Cash flow from changes in the Net Equity	**(134.3)**	**(152.8)**	**(134.2)**	**(152.9)**
Net Cash Flow	**(22.5)**	**(65.6)**	**(5.4)**	**(73.1)**
Opening Net Financial Position	250.6	316.2	233.5	306.6
Closing Net Financial Position	**228.1**	**250.6**	**228.1**	**233.5**