DēLonghi Group

Half-year financial report at 30 June 2015

DēLonghi KENWOOD BRAUN Ariete

Contents

COMPANY OFFICERS *

Board of Directors

GIUSEPPE DE'LONGHI	Chairman
FABIO DE'LONGHI	Vice Chairman and Chief Executive Officer
ALBERTO CLÒ **	Director
RENATO CORRADA **	Director
SILVIA DE'LONGHI	Director
CARLO GARAVAGLIA	Director
CRISTINA PAGNI **	Director
STEFANIA PETRUCCIOLI**	Director
GIORGIO SANDRI	Director
SILVIO SARTORI	Director

Board of Statutory Auditors

GIANLUCA PONZELLINI	Chairman
PAOLA MIGNANI	Standing member
ALBERTO VILLANI	Standing member
PIERA TULA	Alternate auditor
ENRICO PIAN	Alternate auditor

External Auditors

RECONTA ERNST & YOUNG S.P.A. ***

Internal Auditing and Corporate Governance Committee

RENATO CORRADA **
SILVIO SARTORI
STEFANIA PETRUCCIOLI**

Compensation Committee

ALBERTO CLÒ **
CARLO GARAVAGLIA
CRISTINA PAGNI **

* The company officers were elected at the shareholders' meeting of 23 April 2013 for the period 2013-2015.
** Independent directors.
*** The engagement to audit the financial statements for 2010-2018 was approved at the shareholders' meeting of 21 April 2010.

KEY PERFORMANCE INDICATORS

Second quarter income statement

(€/million)	2nd quarter 2015	% revenues	2nd quarter 2014	% revenues	Change	% change
Revenues	422.2	100.0%	362.0	100.0%	60.1	16.6%
Constant currency revenues (*)	*396.7*				*34.7*	*9.6%*
Net industrial margin	194.3	46.0%	166.4	46.0%	27.8	16.7%
EBITDA	48.0	11.4%	41.1	11.4%	6.9	16.7%
Constant currency EBITDA (*)	*55.5*	*14.0%*			*14.4*	*34.9%*
EBIT	35.3	8.4%	29.9	8.2%	5.4	18.1%

First-Half income statement

(€/million)	1st half 2015	% revenues	1st half 2014	% revenues	Change	% change
Revenues	790.6	100.0%	700.1	100.0%	90.4	12.9%
Constant currency revenues (*)	*755.8*				*55.6*	*7.9%*
Net industrial margin	369.4	46.7%	327.5	46.8%	42.0	12.8%
EBITDA	95.3	12.1%	87.2	12.5%	8.1	9.3%
Constant currency EBITDA (*)	*118.4*	*15.7%*			*31.2*	*35.7%*
EBIT	70.4	8.9%	65.2	9.3%	5.1	7.9%
Profit (loss) pertaining to the Group	37.4	4.7%	33.0	4.7%	4.4	13.4%

(*) Figures at constant exchange rates are calculated excluding the effect of exchange rates fluctuations and of the hedging put in place by the Group.

Statement of financial position

(€/million)	**30.06.2015**	**30.06.2014**	**31.12.2014**
Net working capital	236.0	245.3	236.2
Net operating working capital	280.6	282.0	301.4
Net capital employed	714.1	708.7	697.2
Net financial assets/(Net debt)	104.0	(65.1)	89.0
of which:			
- *Net bank financial position*	*121.5*	*(9.0)*	*113.2*
- *Other financial receivables/(payables)*	*(17.5)*	*(56.1)*	*(24.2)*
Net equity	818.1	643.7	786.1
Net working capital/Net revenues	13.0%	14.8%	13.7%
Net operating working capital/Net revenues	15.4%	17.0%	17.5%

INTERIM REPORT ON OPERATIONS

REVIEW OF PERFORMANCE

In a market still characterized by the unfavorable trend of the principle currencies and influenced by the effects of the political and financial crises underway in a few countries (above all in eastern Europe, Greece and a few countries in the MEIA region), the De'Longhi Group confirmed good growth in revenues again in second quarter 2015.
The Group's results for first half 2015 were influenced significantly by currency volatility which, however, impacted revenues and margins in different ways; the strengthening of a few export currencies (namely the USD, GBP, AUD, CNY and CHF) against the Euro, despite the devaluation of the Russian ruble and the Ukrainian hryvnia, had a positive impact on revenues; this trend, however, also strongly affected purchasing and production costs denominated in CNY/HKD and USD which, overall, had a particularly negative impact on margins in both the second quarter and the entire first half.

In what was a challenging environment, in second quarter 2015 the Group generated €422.2 million in revenues, an increase of €60.1 million or +16.6% against second quarter 2014 (at constant exchange rates growth reached +9.6%).
Revenues in the first half amounted to €790.6 million (+12.9% against 2014); at constant exchange rates growth reached +7.9%.

The Group continued its strategy to invest in growth and sustaining its competitive positioning in the high end, while also supporting promotional activities, as well as research and development; in the first half the Group launched new products like the new *Lattissima Touch* capsule coffee machine and the new Braun brand ironing systems.

In terms of markets, total revenues were up in Europe (+€45.3 million or +9.7%), thanks to the contribution of both areas: the North East increased 3.0% despite the negative exchange effect (which affected sales in Russia and Ukraine), thanks to the good performances posted in Poland, the Czech Republic/Hungary and the United Kingdom; the South West rose by 13.7% thanks, above all, to the solid performances recorded in Italy and the DACH countries (Germany, Austria and Switzerland).

Positive overall results were posted in the APA region (+€38.1 million or +23.7%), thanks above all to Australia, the Unites States and China, which also benefited from a positive exchange effect.

The increase in revenues posted in the MEIA region (+€7.1 million or +9.5%) reflects, above all, the positive exchange effect which offset the drop in sales recorded in a few markets, including as a result of local political tensions.

The breakdown of revenues by product line shows that growth was driven by coffee machines (fully automatic and manual machines, the Nespresso *Lattissima* range and DolceGusto *Jovia*), by portable air conditions and the new *Multifry* range of fryers.
Sales for Braun brand products rose (thanks above all to the launch of the new ironing systems), despite the adverse exchange effect linked to the weakening of currencies in markets that are important to Braun sales, namely the Russian ruble and the Ukrainian hryvnia.

As for margins, thanks to its competitive positioning in the high end and the commercial strategies implemented, the Group succeeded in defending profitability by increasing volumes and prices in a few markets in order to offset higher production costs.

The net industrial margin, which reached €369.4 million in the half (versus €327.5 million in the first six months of 2014), was largely in line with 2014 as a percentage of revenues (46.7% versus 46.8% in 2014).

The increase in the industrial margin caused EBITDA to rise also against the first half of 2014, despite the particularly adverse exchange effect (which came to an estimated €23.0 million).

EBITDA amounted to €95.3 million in first half 2015 (€87.2 million in 2014) and came to 12.1% of revenues (12.5% in 2014). At constant exchange rates and net of hedging 2015, EBITDA would have reached €118.4 million (15.7% of revenues), an increase of €31.2 million with respect to first half 2014.

EBIT amounted to €70.4 million in the first half of 2015 (versus Euro 65.2 million in the first six months of 2014), after amortization and depreciation of €25.0 million, an increase with respect to the same period 2014 as a result of the recent investments made in production (mainly in China and Romania). As a percentage of revenues EBIT reached 8.9% (9.3% in the first half of 2014).

Profit pertaining to the Group amounted to €37.4 million in the first six months of 2015 (€33.0 million in the same period 2014).

The net financial position reached a positive €104.0 million at 30 June 2015 (€89.0 million at 31 December 2014). In the first half of 2015, a period in which cash flow absorption is typically higher, positive cash flow of €15.0 million was generated (versus a negative €56.0 million in first half 2014); this improvement relates, for €6.7 million, to a few financial items including, primarily, the fair value measurement of derivatives. Net of this item, however, the net financial position with banks still improved by €8.3 million in the half (versus the net cash absorption of €49.8 million posted in first half 2014).
This result benefitted, in addition to the cash flow generated by ordinary operations, from completion of the investment plans in China and Romania and the positive exchange effect of €29.4 million recorded in the half (linked to the revaluation of cash and cash equivalents held by a few foreign companies). In order to stabilize this gain, the positive exchange effect was partially hedged.
Cash flow was positive for some €169.1 million in the twelve month period, €130.4 million of which relating to items other than bank debt (the positive exchange effect reached an estimated €55 million).

Global market conditions (Source: Bank of Italy/ECB)

In the first half of 2015 the global economy grew, albeit at a pace that differed from country to country.
More in detail, trade was solid in both the United States, despite signs of temporary weakness at the beginning of the year, and the United Kingdom, but weaker in Japan. In China slower growth and financial instability caused the local authorities to intervene.
In the Euro zone negotiating a settlement with Greece proved to be difficult, though the increase in spreads on government securities was, overall, contained. Looking forward, however, and in light of the renewed tensions, it is imperative that decided political action and economic measures be taken in order to promote growth in Greece and in the Euro zone, as a whole.
After the quantitative easing program was launched by the Eurosystem, long term interest rates in the Euro zone fell noticeably through the middle of April, to then rise, including in light of the improved inflation forecasts and the growth triggered by the program itself. Overall the financial and currency markets continue to sustain the economic recovery, as well as prices.
Looking forward, the IMF's forecasts released in July call for a slight slowdown in world trade this year, followed by acceleration in 2016. In the Euro zone, the monetary policies adopted recently by the Executive Committee, low oil prices and the weakening of the Euro should help to gradually expand and strengthen the recovery. At the same time, even though the labor market has shown further signs of improvement, unemployment is still high and the level of spare capacity will only begin to decline gradually.

Significant events

The first half of 2015 was characterized by completion of the plans to further strengthen production in both China and Romania, as well as the commercial and marketing initiatives focused on enhancing the Group's brands and commercial structures.

With regard to the strengthening of the production platform, in the half activity accelerated at the Romanian plant, which had approximately 700 full-time employees at the end of June 2015, resulting in the installation of new systems, assembly lines and plastic molding machines which made it possible to double the production of coffee machines compared to first half 2014 and to begin internal production of the Braun brand handblenders.

The second phase of investments focused on the strengthening of the local production facilities was completed at the most important Chinese plant and a new warehouse was constructed.

Progress was also made with the activities relating to supply chain optimization focused on more efficient forecasting and planning.

The marketing and communication campaigns supporting the Group's three main brands continued in the first half.
With regard to the De'Longhi brand, more work was done on strengthening the message relating to the "perfect Cappuccino" which can be made only using the exclusive "LatteCrema System".
The introduction of the "Distinta" breakfast line was accompanied by the introduction of applications which allow consumers to see the products in their own kitchens. The highly successful launch of the fryer-multicooker *Multifry* line was also supported by the expansion of the "Recipes" app which is now available in thirty-six countries.
As for the Kenwood brand, further steps were taken to support the new product lines launched in 2014 which included the use of different technologies (videos, recipe apps and product information/displays) and new web pages.
The activities relating to the Braun brand were focused on supporting the launch of the new ironing system line, "Carestyle 5"; special attention was paid to strengthening and improving online content which made it possible to noticeably increase traffic on the Braun website.
In the first half of 2015, development of "Digital" strategies continued which fueled an increase in the number of visitors/consumers on the Group's websites; work also continued on completing an E-commerce platform particularly in a few APA countries mainly to improve the availability of accessories and attachments, while also providing consumers with a chance to buy exclusive online products and other products that are no longer offered in current catalogues.
Activities designed to support and strengthen the product knowledge of promoters and product demonstrators in order to enhance the consumers' experience were also developed.

Group results

The reclassified consolidated income statement is summarized as follows:

(€/million)	1st half 2015	% revenues	1st half 2014	% revenues
Revenues	**790.6**	**100.0%**	**700.1**	**100.0%**
Change 2015/2014	*90.4*	*12.9%*		
Materials consumed & other production costs (production services and payroll costs)	(421.1)	(53.3%)	(372.7)	(53.2%)
Net industrial margin	**369.4**	**46.7%**	**327.5**	**46.8%**
Services and other operating expenses	(193.2)	(24.4%)	(164.9)	(23.6%)
Payroll (non-production)	(80.9)	(10.2%)	(75.3)	(10.8%)
EBITDA	**95.3**	**12.1%**	**87.2**	**12.5%**
Change 2015/2014	*8.1*	*9.3%*		
Amortization and depreciation	(25.0)	(3.2%)	(22.0)	(3.1%)
EBIT	**70.4**	**8.9%**	**65.2**	**9.3%**
Change 2015/2014	*5.1*	*7.9%*		
Financial income (expenses)	(19.0)	(2.4%)	(19.9)	(2.8%)
Profit (loss) before taxes	**51.4**	**6.5%**	**45.3**	**6.5%**
Income taxes	(14.0)	(1.8%)	(12.0)	(1.7%)
Profit (loss) after taxes	**37.4**	**4.7%**	**33.3**	**4.8%**
Profit (loss) pertaining to minority interests	(0.0)	(0.0%)	0.3	0.0%
Profit (loss) pertaining to the Group	**37.4**	**4.7%**	**33.0**	**4.7%**

The net industrial margin reported in the reclassified income statement differs by €75.9 million in the first half 2015 (€72.0 million in the first half 2014) from the consolidated income statement; this is because, in order to represent period performance better, production-related payroll and service costs have been reclassified from payroll and services respectively.
No non-recurring income/expenses were recognized in the first half of the year.

Net revenues rose by €90.4 million in the first half, thanks to higher volumes and prices (as a result of the price increases made in order to offset the rise in higher USD/CNY purchasing costs), as well as the exchange effect (which was positive overall as the negative exchange effect posted in the Ukraine and in Russia was more than offset by the positive performance posted in other markets).
Sales for coffee machines, food preparation and kitchen machines were particularly buoyant thanks, above all, to the contribution of the fryers, following the launch of the new *Multifry* line, and air conditioners.
As for coffee machines, sales rose thanks to the solid growth reported across all categories (fully automatic and manual machines, the Nespresso *Lattissima* range and DolceGusto *Jovia*). The fully automatic line posted strong growth thanks to the contribution of all the platforms, as well as the new products launched in 2014 ("Eletta" and "Autentica") which had their first full year of sales in 2015, in what was a generally positive market during which De'Longhi strengthened its position as leader. The "Dedica" line was the driver of growth for traditional espresso machines, while the growth of the Nespresso brand machines was boosted by the introduction of the new *Lattissima Touch*.
With regard to food preparation machines, fryers posted growth thanks to the success of the new Multifry line which, in addition to being a fryer, is also a Multicooker capable of preparing different types of food. Growth was also posted by the De'Longhi brand breakfast products (above all, kettles and toasters) thanks to the additional contribution of the new "Distinta collection" line).

The market for kitchen machines continues to grow and the Kenwood brand products maintained their position as leader, though the competition is, once again, increasing. In order to continue along its growth path, Kenwood introduced new, more innovative versions of the *Cooking Chef* and *Prospero* models.
In terms of the other Kenwood brand products, sales for blenders rose with *Smoothies* and food processors posting good results thanks to the success of the compact line and the launch of the new *Multipro home* year-end 2014.

Comfort also posted growth thanks to the solid performance of portable air conditioners in, above all, the United States, Brazil and Italy which also benefitted from a particularly hot summer in Europe versus an unfavorable summer in 2014.

In first half 2015 the Braun business posted double digit growth in sales, despite the unstable political conditions and the negative exchange effect reported in a few reference countries (Russia, Ukraine and a few MEIA region countries).
Market statistics (GFK) confirm the increase in market share of the two main product categories. The handblenders rose thanks to the high end *Multiquick 7* line and the new *Multiquick 5* line launched last year.
Irons benefitted from the launch of the new *Carestyle 5* ironing systems for which the initial sell in beat expectations; the launch was focused on four models in Europe.
The launch of the handblender “Multimix 3” line also took place in the first half. This line uses *Smart mix* technology and thanks to the numerous attachments provides good versatility and is easier to use.
Both new product lines won the best product prize for their category in the 2015/2016 Plus X competition.

As for margins, De'Longhi closed the first half of 2015 with an EBITDA of €95.3 million, an increase of €8.1 million against 2014, and an EBITDA margin of 12.1% (versus 12.5% in the same period 2014). This result reflects, on the one hand, a solid net industrial margin (as a percentage of sales) and, on the other, an increase in operating and general expenses including due to the negative exchange effect.

The net industrial margin rose by €42.0 million, from the €327.5 million posted in first half 2014 to €369.4 million in first half 2015, rising as a percentage of revenues from 46.8% to 46.7% as a result of the positive volume, cost, mix and price effect which was offset by the negative exchange effect of some €12.3 million. The price effect is explained by the steps taken to mitigate the increased production costs in a few countries as a result of exchange differences. The Group, therefore, managed through organic growth, above all in coffee which is one of the categories with the greatest value added, to offset the negative effects of the weakening of the Euro against the currencies in which the Group's main operating costs are expressed (CNY/HKD e USD), thanks also to the steps taken to raise prices in the markets most influenced by the strengthening of the local currencies.

Operating and general expenses rose as a percentage of revenues from 34.3% to 34.7% due also to the provisions made for bad debt in a few markets characterized by political risk, the negative exchange effect, as well as a different breakdown of transportation costs (previously recognized under production costs).

EBIT amounted to €70.4 million in the first half of 2015 (€65.2 million in the same period 2014), coming to 8.9% as a percentage of revenues (9.3% in 2014), after amortization and depreciation of €25.0 million (an increase with respect to the €22 million posted in the same period 2014) and after a particularly adverse exchange effect.

Financial expenses fell by €1.0 million against first half 2014 to €19.0 million in first half 2015 due to a drop in expenses linked to factoring beginning in April 2015 and the Group's improved financial position which more than offset the increase in currency hedging costs.

Profit pertaining to the Group amounted to €37.4 million, an increase against the profit of €33.0 million reported in first half 2014.

Operating segment disclosures

The De'Longhi Group has identified three operating segments which coincide with the Group's three main business regions: Europe (Noth East and South West), MEIA (Middle East, India and Africa) and APA (Asia, Pacific, America). Each segment is responsible for all aspects of the Group's brands and services different markets.
This breakdown is in line with the tools used by Group management to run operations, as well as evaluate the company's performance and make strategic decisions.

The results by operating segment can be found in the Explanatory Notes.

Markets

The following table summarizes sales performance in the Group's various business regions:

(€/million)	1st half 2015	% revenues	1st half 2014	% revenues	Change	% change
North East Europe	179.0	22.6%	173.7	24.8%	5.3	3.0%
South West Europe	331.4	41.9%	291.4	41.6%	40.0	13.7%
EUROPE	**510.4**	**64.6%**	**465.1**	**66.4%**	**45.3**	**9.7%**
MEIA (Middle East/India/Africa)	**81.1**	**10.3%**	**74.1**	**10.6%**	**7.1**	**9.5%**
Australia and New Zealand	51.5	6.5%	43.4	6.2%	8.1	18.6%
United States and Canada	68.2	8.6%	53.4	7.6%	14.8	27.8%
Japan	16.9	2.1%	16.6	2.4%	0.3	1.8%
Other countries area APA	62.4	7.9%	47.5	6.8%	14.9	31.5%
APA (Asia/Pacific/Americas)	**199.1**	**25.2%**	**160.9**	**23.0%**	**38.1**	**23.7%**
Total revenues	**790.6**	**100.0%**	**700.1**	**100.0%**	**90.4**	**12.9%**

Revenues in Europe totaled €510.4 million, an increase of 9.7% against first half 2014, thanks to the results posted in both North East Europe (up €5.3 million or +3.0%) and, above all, South West Europe (+€40.0 million or +13.7%). More in detail, growth in the North East was achieved thanks primarily to the increase in sales posted in Poland, the Czech Republic/Hungary, Scandinavia and the United Kingdom; Russia and the Ukraine were down due the negative exchange effect which neutralized organic growth.
In the South West, revenues grew above all in Italy (coffee, kitchen machines and air conditioners performed well) and the DACH countries (Germany, Austria and Switzerland).

Growth was recorded in the MEIA region (+9.5%), thanks to the positive exchange effect, though revenues were impacted by the political crises underway in a few markets.

Strong growth in revenues was posted in the APA region (+23.7%); more in detail, a good performance was reported in the USA (+27.8%) due mainly to the comfort division, and in Australia (+18.6%) where the reorganization plan was successfully completed and where growth was driven by coffee, small De'Longhi brand appliances, as well as the cooker division.

Review of the statement of financial position

The reclassified consolidated statement of financial position is presented below:

(€/million)	30.06.2015	30.06.2014	31.12.2014	Change 30.06.15 – 30.06.14	Change 30.06.15 – 31.12.14
- Intangible assets	324.8	326.3	325.1	(1.4)	(0.3)
- Property, plant and equipment	198.9	178.9	191.1	20.0	7.8
- Financial assets	9.1	6.9	7.7	2.1	1.4
- Deferred tax assets	47.6	44.9	42.5	2.7	5.1
Non-current assets	**580.5**	**557.0**	**566.5**	**23.4**	**14.0**
- Inventories	390.4	370.5	317.8	19.9	72.7
- Trade receivables	234.8	233.4	366.2	1.3	(131.4)
- Trade payables	(344.6)	(321.9)	(382.5)	(22.7)	37.9
- Other payables (net of receivables)	(44.6)	(36.7)	(65.2)	(7.9)	20.6
Net working capital	**236.0**	**245.3**	**236.2**	**(9.3)**	**(0.2)**
Total non-current liabilities and provisions	**(102.4)**	**(93.6)**	**(105.5)**	**(8.8)**	**3.1**
Net capital employed	**714.1**	**708.7**	**697.2**	**5.4**	**16.9**
Net debt/(Net financial assets) (*)	**(104.0)**	**65.1**	**(89.0)**	**(169.1)**	**(15.0)**
Total net equity	**818.1**	**643.7**	**786.1**	**174.4**	**31.9**
Total net debt and equity	**714.1**	**708.7**	**697.2**	**5.4**	**16.9**

(*) Net financial position at 30 June 2015 includes €17.5 million in net financial liabilities (net financial liabilities amounted to €24.2 million at 31 December 2014 and to €56.1 million at 30 June 2014) relating to the fair value of derivatives and options on minority interests, the residual contingent debt owed Procter & Gamble for the Braun acquisition and the financial debt connected to the transaction involving the UK subsidiary's pension fund.

Capital expenditures amounted to €25.6 million in first half 2015 (€27.5 million in first half 2014) and include the completion of the investment plan in Romania and the second wave of investments in the Group's main Chinese plant.

The net working capital amounted to €236.0 million at 30 June 2015, down against 30 June 2014 in both absolute terms (-€9.3 million), despite the growth recorded in the last 12 months, and in terms of the turnover ratio (falling from the 14.8% recorded at the end of June 2014 to 13.0% in June 2015); these results reflect, in addition to the positive exchange effect, improvement in non-operating items (other receivables and other payables).
The change in trade receivables with respect to the comparison period reflects the exchange effect and a different classification of a few items previously accrued under suppliers at 30 June 2014 and at 31 December 2014. Net of these items, the organic change in trade receivables is less than the growth in sales, thanks above all to better collection in a few important markets, despite the extension of payment terms for a few suppliers in the MEIA region.
Inventory was down with respect to 2014 (in terms of the turnover ratio) thanks to the continuous steps taken to contain inventory with good results, above all, in a few branches.

The net financial position reached a positive €104.0 million at 30 June 2015 (€89.0 million at 31 December 2014). In the first half of 2015, a period in which cash flow absorption is typically higher including due to a decrease in receivables and, therefore, lower factoring, positive cash flow of €15.0 million was generated (versus the net cash absorption of €56.0 million posted in first half 2014).

The improvement posted in first half 2015 relates, for €6.7 million, to a few financial items including, primarily, the fair value measurement of derivatives. Net of these items, however, the net financial position with banks still improved €8.3 million in the half (versus a negative €49.8 million in first half 2014). This result benefitted, in addition to the cash flow generated by ordinary operations, from a positive exchange effect of €30 million (linked to the revaluation of cash and cash equivalents held by a few foreign companies).
The twelve month comparison with the net financial position at 30 June 2014 also shows significant overall improvement of €169.1 million; the improvement of the net financial positon with banks was particularly noteworthy, rising from the negative balance of €9.0 million posted at 30 June 2014 to a positive €121.5 million at 30 June 2015, an improvement of €130.4 million in the twelve month period thanks also to the positive exchange effect (estimated at around €55 million).

Details of the net financial position are as follows:

(€/million)	**30.06.2015**	**30.06.2014**	**31.12.2014**	**Change 30.06.15 – 30.06.14**	**Change 30.06.15 – 31.12.14**
Cash and cash equivalents	276.9	117.4	388.5	159.4	(111.7)
Other financial receivables	22.0	3.1	55.2	19.0	(33.2)
Current financial debt	(84.1)	(57.1)	(232.0)	(27.0)	147.9
Net current financial position	**214.8**	**63.4**	**211.8**	**151.4**	**3.0**
Non-current financial debt	**(110.8)**	**(128.5)**	**(122.8)**	**17.7**	**12.0**
Total net financial position/(net debt)	**104.0**	**(65.1)**	**89.0**	**169.1**	**15.0**
Of which:					
- *Position with banks and other financial payables*	*121.5*	*(9.0)*	*113.2*	*130.4*	*8.3*
- *financial assets/(liabilities) other than bank debt (residual payable related to the Braun acquisition, fair value of derivatives and options, financial payable connected to the UK subsidiary's pension fund transaction)*	*(17.5)*	*(56.1)*	*(24.2)*	*38.7*	*6.7*

The net financial position at 30 June 2015 net of non-banking liabilities reached a positive €121.5 million (versus net debt of €9.0 million at 30 June 2015). An improvement of €130.4 million was, therefore, posted in the twelve month period despite the non-recurring investments of approximately €17.3 million made in new manufacturing projects, in China and Romania, thanks also to a positive exchange effect of around €55 million.

With regard to structure, the net current financial position amounted to €214.8 million at 30 June 2015 (€63.4 million at 30 June 2014).

The statement of cash flows is presented on a condensed basis as follows:

(€/million)	**30.06.2015 (6 months)**	**30.06.2014 (6 months)**	**31.12.2014 (12 months)**
Cash flow by current operations	71.0	64.3	215.3
Cash flow by changes in working capital	(0.7)	(32.1)	(46.7)
Cash flow by investment activities	(25.6)	(27.5)	(60.8)
Cash flow by operating activities	**44.7**	**4.7**	**107.8**
Dividends paid	(61.3)	(59.8)	(59.8)
Cash flow by changes in fair value and cash flow hedge reserves	2.4	(4.9)	19.4
Cash flow by other changes in net equity	29.2	4.0	30.5
Cash flow absorbed by changes in net equity	**(29.7)**	**(60.7)**	**(9.8)**
Cash flow for the period	**15.0**	**(56.0)**	**98.0**
Opening net financial position	89.0	(9.0)	(9.0)
Closing net financial position/(Net debt)	**104.0**	**(65.1)**	**89.0**

Net cash flow from operating activities reached a positive €44.7 million in first half 2015 (versus a positive €4.7 million in first half 2014). Absorption of working capital, linked to organic growth, was lower than in first half 2014 thanks to the above mentioned management of receivables/inventory and also benefitted from the completion in 2015 of the investment plans in Romania and China.
First-half cash flows were also affected by changes in net equity: payment of €61.3 million in dividends, the positive impact of both the fair value measurement of currency hedging instruments (€2.4 million) and the exchange differences (€29.4 million) which resulted in a negative net change of €29.7 million in first half 2015 (versus a negative €60.7 million in first half 2014, with cash absorption that was €31.1 million lower in 2015).
Total cash flow in the first half of 2015 reached a positive €15.0 million (versus a negative €56.0 million in the first half of 2014).

Human resources

The De'Longhi Group had 7,168 employees at 30 June 2015, detailed as follows:

	30.06.2015	**31.12.2014**	**30.06.2014**
Blue collar	4,261	3,872	3,898
White collar	2,809	2,742	2,673
Senior managers	98	96	93
Total	**7,168**	**6,710**	**6,664**

The change in the workforce at 30 June 2015 with respect to 30 June 2014 (+504 employees) is explained primarily by the increase in the personnel employed at the plants in Romania and China as a result of the enhanced production capacity and the strengthening of the commercial structures (to support all the Group's brands).

The average employees reached 6,778 in the first half of 2015, an increase of 625 employees with respect to the first half of 2014.

Alternative performance indicators

In addition to the information required by IFRS, this document presents other financial measures which provide further analysis of the Group's performance. These indicators must not be treated as alternatives to those required by IFRS.

More in detail, the non-GAAP measures used include:
- Gross profit and EBITDA: the Group uses these measures as financial targets in internal presentations (business plans) and in external presentations (to analysts and investors), since they are a useful way of measuring operating performance by the Group and its individual divisions besides EBIT.
Net industrial margin is calculated as total revenues minus the cost of materials consumed and of production-related services and payroll.
EBITDA is an intermediate measure that derives from EBIT after adding back depreciation, amortization and impairment of property, plant and equipment and intangible assets. EBITDA is also presented net of non-recurring items, which are reported separately on the face of the income statement.
- Net working capital: this measure is the sum of inventories, trade receivables, current tax assets and other receivables, minus trade payables, current tax liabilities and other payables.
- Net operating working capital: this measure is the sum of inventories and trade receivables, minus trade payables.
- Net capital employed: this measure is the sum of net working capital, intangible assets, property, plant and equipment, equity investments, other non-current receivables, and deferred tax assets, minus deferred tax liabilities, employee benefits and provisions for contingencies and other charges.
- Net debt/(net financial position): this measure represents gross financial liabilities less cash and cash equivalents and other financial receivables. The individual line items in the statement of financial position used to determine this measure are analysed later in this report.

The figures contained in this document, including some of the percentages, have been rounded relative to their full euro amount. As a result, some of the totals in the tables may differ from the sum of the individual amounts presented.

Principal risks and uncertainties facing the Group

Reference should be made to the Group Annual Report at 31 December 2014.

Corporate governance and ownership structure

Reference should be made to the Group Annual Report at 31 December 2014.

Reconciliation of net equity and profit (loss) for the period

Below is a brief reconciliation between the net equity and profit reported by the parent company, De'Longhi S.p.A., and the figures shown in the consolidated financial statements:

(€/thousands)	Net equity 30.06.2015	Profit (loss) after taxes 1st half 2015
De'Longhi S.p.A. financial statements	**261,952**	**389**
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	575,616	45,934
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	26,066	(1,217)
Elimination of intercompany profits	(42,529)	(7,972)
Other adjustments	(3,020)	270
Consolidated financial statements	**818,085**	**37,404**
Minority interests	2,687	(12)
Group portion	**815,398**	**37,416**

Related party transactions

Related party transactions fall within the normal course of business by Group companies.
Information on related party transactions is summarized in Appendix 3 to the Explanatory notes.

Other information

Pursuant to Art. 3 of Consob Resolution n. 18079 of 20 January 2012, the Board of Directors resolved to exercise the *opt-out* clause provided under Art. 70, paragraph 8 and Art. 71, paragraph 1-*bis* of Consob Regulation n. 11971/99 which grants the option to waive the mandatory publication of informational documents relating to significant mergers, spin-offs, capital increases through in-kind transfers, acquisitions and disposals.

Subsequent events

There have been no significant events since the end of the reporting period.

Outlook

The Group recorded a positive performance in first semester 2015, despite the particularly adverse impact of exchange differences on margins.
With the exception of a few single markets, growth was posted in all the regions where the Group operates.
The positive trend of the key product families (coffee and food preparation appliances) was also confirmed with coffee machines reporting particularly robust growth.
The Chief Executive Officer, Fabio de' Longhi, commented: "The results posted in first half 2015 strengthen our conviction that the Group will be able to reach the growth targets disclosed previously, namely organic growth in sales of between 5 and 10% with EBITDA rising in absolute terms at current exchange rates".

Treviso, 31 July 2015

For the Board of Directors
Vice Chairman and Chief Executive Officer
Fabio de' Longhi

CONSOLIDATED INCOME STATEMENT

(€/000)	*Notes*	1st half 2015	1st half 2014
Revenues from sales and services	*1*	779,358	691,348
Other revenues	*1*	11,204	8,767
Total consolidated revenues		***790,562***	***700,115***
Raw and ancillary materials, consumables and goods	*2*	(405,506)	(384,963)
Change in inventories of finished products and work in progress	*3*	51,499	69,863
Change in inventories of raw and ancillary materials, consumables and goods	*3*	8,766	14,430
Materials consumed		***(345,241)***	***(300,670)***
Payroll costs	*4*	(112,490)	(101,248)
Services and other operating expenses	*5*	(226,837)	(204,974)
Provisions	*6*	(10,661)	(6,034)
Amortization and depreciation	*7*	(24,975)	(21,972)
EBIT		**70,358**	**65,217**
Financial income (expenses)	*8*	(18,978)	(19,939)
PROFIT (LOSS) BEFORE TAXES		**51,380**	**45,278**
Income taxes	*9*	(13,976)	(12,007)
CONSOLIDATED PROFIT (LOSS) AFTER TAXES		**37,404**	**33,271**
Profit (loss) pertaining to minority interests	*26*	(12)	262
PROFIT (LOSS) PERTAINING TO THE GROUP		**37,416**	**33,009**
EARNINGS PER SHARE (in Euro)			
- basic		**€ 0.25**	**€ 0.22**
- diluited		**€ 0.25**	**€ 0.22**

Appendix 3 reports the effect of related party transactions on the income statement, as required by CONSOB Resolution 15519 of 27 July 2006.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	1st half 2015	1st half 2014
Consolidated profit (loss) after taxes	37,404	33,271
- Change in fair value of cash flow hedges and financial assets available for sale	2,419	(4,927)
- Tax effect on change in fair value of cash flow hedges and financial assets available for sale	(563)	809
- Differences from translating foreign companies' financial statements into Euro	54,184	4,622
Total other comprehensive income will subsequently reclassified to profit (loss) for the year	*56,040*	*504*
Total other comprehensive income will not subsequently reclassified to profit (loss) for the year	-	-
Other components of comprehensive income	**56,040**	**504**
Total comprehensive income	**93,444**	**33,775**
Total comprehensive income attributables to:		
Owners of the parent	93,456	33,513
Minority interests	(12)	262

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	*Notes*	30.06.2015	31.12.2014
NON-CURRENT ASSETS			
INTANGIBLE ASSETS		324,839	325,110
- Goodwill	*10*	92,400	92,400
- Other intangible assets	*11*	232,439	232,710
PROPERTY, PLANT AND EQUIPMENT		197,497	189,904
- Land, property, plant and machinery	*12*	104,884	103,876
- Other tangible assets	*13*	92,613	86,028
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS		14,106	8,232
- Equity investments	*14*	6,329	5,197
- Receivables	*15*	2,748	2,509
- Other non-current financial assets	*16*	5,029	526
DEFERRED TAX ASSETS	*17*	47,622	42,515
TOTAL NON-CURRENT ASSETS		584,064	565,761
CURRENT ASSETS			
INVENTORIES	*18*	390,423	317,763
TRADE RECEIVABLES	*19*	234,780	366,159
CURRENT TAX ASSETS	*20*	7,493	7,250
OTHER RECEIVABLES	*21*	33,415	38,284
CURRENT FINANCIAL RECEIVABLES AND ASSETS	*22*	22,042	55,243
CASH AND CASH EQUIVALENTS	*23*	276,867	388,530
TOTAL CURRENT ASSETS		965,020	1,173,229
NON-CURRENT ASSETS HELD FOR SALE	*24*	1,433	1,235
TOTAL ASSETS		**1,550,517**	**1,740,225**

NET EQUITY AND LIABILITIES (€/000)		30.06.2015	31.12.2014
NET EQUITY			
GROUP PORTION OF NET EQUITY		815,398	783,237
- Share capital	*25*	224,250	224,250
- Reserves	*26*	553,732	432,455
- Profit (loss) pertaining to the group		37,416	126,532
MINORITY INTERESTS	*26*	2,687	2,910
TOTAL NET EQUITY		818,085	786,147
NON-CURRENT LIABILITIES			
FINANCIAL PAYABLES		115,851	123,311
- Bank loans and borrowings (long-term portion)	*27*	-	8,980
- Other financial payables (long-term portion)	*28*	115,851	114,331
DEFERRED TAX LIABILITIES	*17*	20,937	20,156
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		81,451	85,345
- Employee benefits	*29*	35,451	39,313
- Other provisions	*30*	46,000	46,032
TOTAL NON-CURRENT LIABILITIES		218,239	228,812
CURRENT LIABILITIES			
TRADE PAYABLES		344,635	382,545
FINANCIAL PAYABLES		84,088	232,000
- Bank loans and borrowings (short-term portion)	*27*	48,871	203,131
- Other financial payables (short-term portion)	*28*	35,217	28,869
CURRENT TAX LIABILITIES	*31*	12,520	19,878
OTHER PAYABLES	*32*	72,950	90,843
TOTAL CURRENT LIABILITIES		514,193	725,266
TOTAL NET EQUITY AND LIABILITIES		**1,550,517**	**1,740,225**

Appendix 3 reports the effect of related party transactions on the statement of financial position, as required by CONSOB Resolution 15519 of 27 July 2006.

CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	**1st half 2015**	**1st half 2014**
Profit (loss) pertaining to the Group		37,416	33,009
Income taxes for the period		13,976	12,007
Amortization and depreciation		24,975	21,972
Net change in provisions and other non-cash items		(5,412)	(2,707)
Cash flow generated by current operations (A)		**70,955**	**64,281**
Change in assets and liabilities:			
Trade receivables		125,271	105,907
Inventories		(61,447)	(85,908)
Trade payables		(33,734)	(22,978)
Other current assets and liabilities		(5,468)	(17,948)
Payment of income taxes		(25,277)	(11,137)
Cash flow absorbed by movements in working capital (B)		**(655)**	**(32,064)**
Cash flow generated by current operations and movements in working capital (A+B)		**70,300**	**32,217**
Investment activities:			
Investments in intangible assets		(5,256)	(4,099)
Other cash flows for intangible assets		22	(61)
Investments in property, plant and equipment		(21,046)	(24,511)
Other cash flows for property, plant and equipment		722	646
Net investments in equity investments and other financial assets		(65)	488
Cash flow absorbed by ordinary investment activities (C)		**(25,623)**	**(27,537)**
Dividends paid		(61,295)	(59,800)
Change in currency translation reserve		31,343	4,845
Increase (decrease) in minority interests in capital and reserves		(222)	5
New loans		1,472	-
Payment of interests on loans		(1,727)	(2,752)
Repayment of loans and other net changes in sources of finance		(125,911)	(93,488)
Cash flow generated (absorbed) by changes in net equity and by financing activities (D)		**(156,340)**	**(151,190)**
Cash flow for the period (A+B+C+D)		**(111,663)**	**(146,510)**
Opening cash and cash equivalents	*23*	**388,530**	**263,934**
Increase (decrease) in cash and cash equivalents (A+B+C+D)		(111,663)	(146,510)
Closing cash and cash equivalents	*23*	**276,867**	**117,424**

Appendix 2 presents the statement of cash flows in terms of net financial position.

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

(€/000)	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	OTHER RESERVES	FAIR VALUE AND CASH FLOW HEDGE RESERVES	CURRENCY TRANSLATION RESERVE	PROFIT (LOSS) CARRIED FORWARD	PROFIT (LOSS) PERTAINING TO GROUP	GROUP PORTION OF NET EQUITY	MINORITY INTERESTS	TOTAL NET EQUITY
Balance at 31 December 2013	**224,250**	**162**	**9,048**	**18,858**	**(3,404)**	**(30,194)**	**331,772**	**116,921**	**667,413**	**2,530**	**669,943**
Allocation of 2013 result as per AGM resolution of 15 April 2014											
- distribution of dividends							(59,800)		(59,800)		(59,800)
- allocation to reserves			3,177	563			113,181	(116,921)	-		-
Other changes in minority interests									-	(256)	(256)
Movements from transactions with shareholders	**-**	**-**	**3,177**	**563**	**-**	**-**	**53,381**	**(116,921)**	**(59,800)**	**(256)**	**(60,056)**
Profit (loss) after taxes								33,009	33,009	262	33,271
Other components of comprehensive income					(4,118)	4,622			504	-	504
Comprehensive income (loss)	**-**	**-**	**-**	**-**	**(4,118)**	**4,622**	**-**	**33,009**	**33,513**	**262**	**33,775**
Balance at 30 June 2014	**224,250**	**162**	**12,225**	**19,421**	**(7,522)**	**(25,572)**	**385,153**	**33,009**	**641,126**	**2,536**	**643,662**
Balance at 31 December 2014	**224,250**	**162**	**12,225**	**19,421**	**11,862**	**7,312**	**381,473**	**126,532**	**783,237**	**2,910**	**786,147**
Allocation of 2014 result as per AGM resolution of 14 April 2015											
- distribution of dividends							(61,295)		(61,295)		(61,295)
- allocation to reserves			3,348	2,312			120,872	(126,532)	-		-
Other changes in minority interests									-	(211)	(211)
Movements from transactions with shareholders	**-**	**-**	**3,348**	**2,312**	**-**	**-**	**59,577**	**(126,532)**	**(61,295)**	**(211)**	**(61,506)**
Profit (loss) after taxes								37,416	37,416		37,416
Other components of comprehensive income					1,856	54,184	-		56,040	(12)	56,028
Comprehensive income (loss)	**-**	**-**	**-**	**-**	**1,856**	**54,184**	**-**	**37,416**	**93,456**	**(12)**	**93,444**
Balance at 30 June 2015	**224,250**	**162**	**15,573**	**21,733**	**13,718**	**61,496**	**441,050**	**37,416**	**815,398**	**2,687**	**818,085**

EXPLANATORY NOTES

GROUP BUSINESS

The De'Longhi Group is headed up by De'Longhi S.p.A., a company with its registered office in Treviso whose shares are listed on the Italian stock exchange run by Borsa Italiana.
The Group is active in the production and distribution of small appliances for food preparation and cooking, domestic cleaning and ironing, air conditioning and portable heaters; the companies included in the scope of consolidation are listed in Appendix 1 to the Explanatory notes.

ACCOUNTING STANDARDS

The half-year financial report includes the condensed consolidated financial statements, which have been prepared in accordance with IFRS (International Financial Reporting Standards) and particularly with the recommendations of IAS 34 – Interim Financial Reporting, which requires interim financial statements to be prepared in a condensed format with fewer disclosures than in annual financial statements.

The half-year condensed consolidated financial statements at 30 June 2015 comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, and the statement of changes in net equity, all of which have been prepared in a full format that is comparable with the annual consolidated financial statements.
The explanatory notes are presented in a condensed format and, therefore, are limited to the information needed by users to understand the financial statements for the first half of 2015.

These financial statements are presented in thousands of Euro, unless otherwise indicated.

The half-year condensed consolidated financial statements have used the same consolidation procedures and accounting policies as those described in the annual report, to which the reader should refer with the exception of a few standards and amendments effective as of 1 January 2015 described in the section "International financial reporting standards and/or interpretations adopted".

The same accounting policies as those described in the annual report, to which the reader should refer, were used, as well as specific provisions relating to hedge accounting and the hedging of risk linked to the consolidation of foreign subsidiaries undertaken by the Group beginning first half 2015.

The publication of the half-year condensed consolidated financial statements for the period ended 30 June 2015 was authorized by the Board of Directors on 31 July 2015.

International financial reporting standards and/or interpretations adopted

The half-year condensed consolidated financial statements, drafted in accordance with IAS 34 – Interim Financial Reporting, were prepared using the same accounting principles used to prepare the consolidated financial statements at 31 December 2014, with the exception of what is described below.

<u>New amendments and accounting standards applied by the Group for the first time</u>

On 13 June 2014 the European Commission adopted the EC Regulation 634/2014 to IFRIC Interpretation 21 *Levies* which was published in the Official Gazette on 14 June 2014.
The Interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 and those for which the timing and amount of the levy are uncertain.
The standard is not applicable to income tax (for which reference should be made to IAS 12), penalties or other sanctions resulting from violations of the law.

On 12 December 2013 the International Accounting Standards Board (IASB) published Annual Improvements to IFRSs 2010–2012 Cycle in order to resolve inconsistencies found in the IFRS or to provide clarifications with respect to terminology. The European Commission adopted the improvements in Regulation 2015/28 of 17 December 2014.
With a similar view to clarification and streamlining of the international accounting standards, on 12 December 2013 the International Accounting Standards Board (IASB) published Annual Improvements to the IFRSs 2011-2013 Cycle adopted by the European Commission in Regulation n.1361/2014 of 18 December 2014.
Application of these new standards and amendments did not have a material impact on the information found in this half-year financial report.

<u>International financial reporting standards and/or interpretations endorsed by the European Union in first half 2015 but not yet applicable</u>

On 17 December 2014 the European Commission adopted the Annual Improvements to IFRSs 2011-2013 and amendments to IAS 19 – *Defined benefit plans: employee contributions* in, respectively, EU Regulations 2015/28 and 2015/29 which were published in the Official Gazette on 9 January 2015.
These provisions are applicable beginning in 2016. The amendments are currently being analyzed, but the impact of the changes on the Group is not expected to be material.

Estimates

These half-year financial statements, prepared in accordance with IFRS, contain estimates and assumptions made by the Group relating to assets and liabilities, costs, revenues and contingent liabilities at the reporting date. These estimates are based on past experience and assumptions considered to be reasonable and realistic, based on the information available at the time of making the estimate.
The assumptions relating to these estimates are periodically reviewed and the related effects reflected in the income statement in the same period: actual results could therefore differ from these estimates.
For more information about the principal assumptions used by the Group see the section “Estimates and Assumptions” found in the notes to the consolidated financial statements at 31 December 2014.
The more complex valuations, including relative to the loss in value of non-current assets, are typically completed when the annual report is being prepared as all the necessary information is available, with the exception of any instances when impairment indicators evidence loss in value.
Similarly, the actuarial valuations needed to determine the provisions relative to employee benefits are normally carried out at year-end, when the annual report is prepared, with the exception of when a plan is amended or liquidated.

Translation of balances in foreign currencies

The following exchange rates have been used:

Currency		30.06.2015		30.06.2014		Change %		31.12.2014
		Period-end exchange rate (*)	Average exchange rate (*)	Period-end exchange rate (*)	Average exchange rate (*)	Period-end exchange rate	Average exchange rate	Period-end exchange rate (*)
US dollar	USD	1.11890	1.11585	1.36580	1.37047	(18.1%)	(18.6%)	1.2141
British pound	GBP	0.71140	0.73238	0.80150	0.82136	(11.2%)	(10.8%)	0.7789
Hong Kong dollar	HKD	8.67400	8.65208	10.58580	10.63015	(18.1%)	(18.6%)	9.417
Chinese renminbi (yuan)	CNY	6.93660	6.94110	8.47220	8.45170	(18.1%)	(17.9%)	7.5358
Australian dollar	AUD	1.45500	1.42595	1.45370	1.49865	0.1%	(4.9%)	1.4829
Canadian dollar	CAD	1.38390	1.37720	1.45890	1.50317	(5.1%)	(8.4%)	1.4063
Japanese yen	JPY	137.01000	134.16483	138.44000	140.39567	(1.0%)	(4.4%)	145.23
Malaysian ringgit	MYR	4.21850	4.06028	4.38560	4.47745	(3.8%)	(9.3%)	4.2473
New Zealand dollar	NZD	1.65480	1.50551	1.56260	1.61482	5.9%	(6.8%)	1.5525
Polish zloty	PLN	4.19110	4.13967	4.15680	4.17553	0.8%	(0.9%)	4.2732
South African rand	ZAR	13.64160	13.29908	14.45970	14.67632	(5.7%)	(9.4%)	14.0353
Singapore dollar	SGD	1.50680	1.50587	1.70470	1.72795	(11.6%)	(12.9%)	1.6058
Russian rouble	RUB	62.35500	64.60237	46.37790	48.02042	34.4%	34.5%	72.337
Turkish lira	TRY	2.99530	2.86201	2.89690	2.96745	3.4%	(3.6%)	2.832
Czech koruna	CZK	27.25300	27.50415	27.45300	27.44357	(0.7%)	0.2%	27.735
Swiss franc	CHF	1.04130	1.05654	1.21560	1.22135	(14.3%)	(13.5%)	1.2024
Brazilian real	BRL	3.46990	3.30765	3.00020	3.14948	15.7%	5.0%	3.2207
Croatian kuna	HRK	7.59480	7.62784	7.57600	7.62487	0.2%	0.0%	7.658
Ukrainian hryvnia	UAH	23.54060	23.90085	16.04740	14.36257	46.7%	66.4%	19.206
Indian Rupee	INR	71.18730	70.12237	82.20230	83.29300	(13.4%)	(15.8%)	76.719
Romanian Leu	RON	4.47250	4.44752	4.38300	4.46403	2.0%	(0.4%)	4.4828
South Korean won	KRW	1251.27000	1226.98667	1382.04000	1438.38333	(9.5%)	(14.7%)	1324.8
Chilean Peso	CLP	714.92100	693.05667	753.62900	758.05583	(5.1%)	(8.6%)	737.297
Mexican Peso	MXN	17.53320	16.88610	17.71240	17.97655	(1.0%)	(6.1%)	17.8679
Swedish koruna	SEK	9.21500	9.34216	9.17620	8.95446	0.4%	4.3%	9.393

(*) Source: Bank of Italy

CHANGE IN THE SCOPE OF CONSOLIDATION

There were no significant changes in the scope of consolidation in the first half of 2015.

SEASONALITY OF BUSINESS

The Group's business is traditionally seasonal, with first-half revenues and profit proportionately lower than those of the year as a whole.

COMMENTS ON THE INCOME STATEMENT

1. REVENUES

Revenues, comprising revenues from sales and services and other revenues, are broken down by region as follows:

(€/million)	1st half 2015	% of revenues	1st half 2014	% of revenues	Change	Change %
North East Europe	179,012	22.6%	173,739	24.8%	5,273	3.0%
South West Europe	331,350	41.9%	291,368	41.6%	39,982	13.7%
EUROPE	**510,362**	**64.6%**	**465,107**	**66.4%**	**45,255**	**9.7%**
MEIA (Middle East/India/Africa)	**81,126**	**10.3%**	**74,067**	**10.6%**	**7,059**	**9.5%**
Australia and New Zealand	51,500	6.5%	43,434	6.2%	8,066	18.6%
United States and Canada	68,231	8.6%	53,407	7.6%	14,824	27.8%
Japan	16,939	2.1%	16,643	2.4%	296	1.8%
Other countries area APA	62,404	7.9%	47,457	6.8%	14,947	31.5%
APA (Asia/Pacific/Americas)	**199,074**	**25.2%**	**160,941**	**23.0%**	**38,133**	**23.7%**
Total revenues	**790,562**	**100.0%**	**700,115**	**100.0%**	**90,447**	**12.9%**

More details about revenues by operating segment can be found in note 37. Operating segments.

"Other revenues" are broken down as follows:

	1st half 2015	1st half 2014	Change
Freight reimbursement	2,616	2,511	105
Commercial rights	1,688	882	806
Out-of-period gains	390	277	113
Loss compensation	302	334	(32)
Other income	6,208	4,763	1,445
Total	**11,204**	**8,767**	**2,437**

2. RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS

The breakdown is as follows:

	1st half 2015	1st half 2014	Change
Finished products	204,177	201,542	2,635
Parts	165,827	151,881	13,946
Raw materials	28,629	25,958	2,671
Other purchases	6,873	5,582	1,291
Total	**405,506**	**384,963**	**20,543**

3. CHANGE IN INVENTORIES

The breakdown is as follows:

	1st half 2015	1st half 2014	Change
Change in inventories of finished products and work in progress	51,499	69,863	(18,364)
Change in inventories of raw and ancillary materials, consumables and goods	8,766	14,430	(5,664)

The difference between the overall change in inventories reported in the income statement and the change in balances reported in the statement of financial position is mainly due to differences arising on the translation of foreign company financial statements.

4. PAYROLL COSTS

These costs include €31,632 thousand in production-related payroll (€25,918 thousand at 30 June 2014).
The figures relating to the cost of employee benefits provided by certain Group companies in Italy and abroad are reported in the note on provisions.

The average employees reached 6,778 in the first half of 2015, an increase of 625 employees with respect to the first half of 2014. The Group's workforce at 30 June 2015 can be broken down numerically by category as follows:

	30.06.2015	30.06.2014	31.12.2014
Blue collar	4,261	3,898	3,782
White collar	2,809	2,673	2,676
Senior managers	98	93	96
Total	**7,168**	**6,664**	**6,554**

5. SERVICES AND OTHER OPERATING EXPENSES

These are detailed as follows:

	1st half 2015	1st half 2014	Change
Promotional expenses	58,151	52,776	5,375
Transport (for purchases and sales)	37,100	34,335	2,765
Subcontracted work	24,436	26,255	(1,819)
Rentals and leasing	16,962	15,921	1,041
Travel	8,610	7,820	790
Storage and warehousing	8,045	7,764	281
After-sale expenses	7,565	6,178	1,387
Advertising	7,416	8,590	(1,174)
Consulting services	6,464	5,412	1,052
Insurance	5,015	4,610	405
Commissions	4,615	3,610	1,005
Power	3,917	3,398	519
Maintenance	2,027	1,576	451
Postage, telegraph and telephones	1,949	1,733	216
Statutory auditors' emoluments and Directors' emoluments	1,642	1,339	303
Other utilities, cleaning, security, waste disposal	1,324	1,143	181
Other sundry services	12,632	7,544	5,088
Total services	**207,870**	**190,004**	**17,866**
Sundry taxes	16,368	13,795	2,573
Other	2,599	1,175	1,424
Total other operating expenses	**18,967**	**14,970**	**3,997**
Total services and other operating expenses	**226,837**	**204,974**	**21,863**

6. CONTINGENCY AND OTHER PROVISIONS

These include €9,030 thousand in provisions for contingencies and other charges and €1,631 thousand in provisions for doubtful accounts.

Please refer to note 30 - Non-current provisions for contingencies and other charges.

7. AMORTIZATION AND DEPRECIATION

These are detailed as follows:

	1st half 2015	1st half 2014	Change
Amortization of intangible assets	6,010	5,322	688
Depreciation of property, plant and equipment	18,965	16,650	2,315
Total	**24,975**	**21,972**	**3,003**

More details about amortization and depreciation can be found in the tables reporting movements in intangible assets and property, plant and equipment.

8. FINANCIAL INCOME (EXPENSES)

Net financial income and expenses are broken down as follows:

	1st half 2015	1st half 2014	Change
Exchange differences and gains (losses) on currency hedges	**(7,334)**	**(6,137)**	**(1,197)**
Gains on equity investments	**749**	**520**	**229**
Net interest expense	(3,897)	(5,912)	2,015
Financial discounts	(7,073)	(6,336)	(737)
Other financial income (expenses)	(1,423)	(2,074)	651
Other net financial income (expenses)	**(12,393)**	**(14,322)**	**1,929**
Financial income (expenses)	**(18,978)**	**(19,939)**	**961**

"Other financial income (expenses)" include the rate differentials on derivatives that hedge currency risk.

“Net interest expense and other bank charges" includes both interest payable on the Group's financial debt (recalculated using the amortized cost method), as well as the financial cost of factoring receivables without recourse.

“Gains on equity investments” refers mainly to the income generated by the interest held in the TCL/DL joint venture, dedicated to the manufacture of air conditioners, consolidated using the equity method.

9. INCOME TAXES FOR THE PERIOD

These are analyzed as follows:

	1st half 2015	1st half 2014	Change
Current income taxes:			
- Income taxes	16,180	12,672	3,508
- IRAP (Italian regional business tax)	1,411	1,872	(461)
Deferred (advance) income taxes	(3,615)	(2,537)	(1,078)
Total	**13,976**	**12,007**	**1,969**

"Deferred (advance) income taxes" include the taxes calculated on the temporary differences arising between the accounting values of assets and liabilities and the corresponding tax base (particularly for taxed provisions recognized by the parent company and its subsidiaries). They also include the benefit arising from the carryforward of unused tax losses which are likely to be used in the future.

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION: ASSETS

NON-CURRENT ASSETS

10. GOODWILL

	30.06.2015		31.12.2014		
	Gross	Net	Gross	Net	Change
Goodwill	99,147	92,400	99,147	92,400	-

Goodwill is not amortized because it is considered to have an indefinite useful life. Instead, it is tested for impairment at least once a year to identify any evidence of loss in value.
The value of goodwill did not change during the first half.

The following table shows how goodwill is allocated by CGU (cash generating unit):

Cash-generating unit	30.06.2015
De'Longhi	26,444
Kenwood	17,120
Braun	48,836
Total	**92,400**

The objective of the impairment test is to determine the value in use of the CGU to which the goodwill refers, meaning the present value of the future cash flows expected to be derived from ongoing use of the assets; any cash flows arising from extraordinary events are therefore ignored.
In particular, value in use is determined using the discounted cash flow method for forecast cash flows contained in three-year plans approved by management.

The impairment test carried out at the end of 2014 on the basis of discount rates reflecting current market assessments of the time value of money and the risks specific to the individual cash-generating units, did not reveal any evidence that these assets might have suffered an impairment loss.

Estimating the recoverable amount of the CGUs requires management to make judgements and estimates. In fact, several factors also associated with developments in the difficult market context could make it necessary to reassess the value of goodwill. The Group will be constantly monitoring those circumstances and events that might make it necessary to perform new impairment tests.

No events of significance have occurred in the first half of 2015 such as might suggest that the carrying amount could have suffered any loss of value.
Further information can be found in the explanatory notes to the financial statements at 31 December 2014.

11. OTHER INTANGIBLE ASSETS

These are analyzed as follows:

	30.06.2015		31.12.2014		
	Gross	**Net**	**Gross**	**Net**	**Change**
New product development costs	67,364	12,383	64,846	12,405	(22)
Patents	35,279	6,102	35,021	6,543	(441)
Trademarks and similar rights	280,566	193,767	280,483	195,805	(2,038)
Work in progress and advances	10,864	10,747	8,403	8,286	2,461
Other	21,829	9,440	21,410	9,671	(231)
Total	**415,902**	**232,439**	**410,163**	**232,710**	**(271)**

The following table reports movements in the main asset categories during the first half 2015:

	New product development costs	Patents	Trademarks and similar rights	Work in progress and advances	Other	Total
Net opening balance	**12,405**	**6,543**	**195,805**	**8,286**	**9,671**	**232,710**
Additions	1,416	276	83	3,103	378	5,256
Amortization	(2,540)	(699)	(2,121)	-	(650)	(6,010)
Translation differences and other movements (*)	1,102	(18)	-	(642)	41	483
Net closing balance	**12,383**	**6,102**	**193,767**	**10,747**	**9,440**	**232,439**

(*) The amounts relating to "Other movements" mostly refer to reclassifications of certain intangible assets.

The principal additions refer to the capitalization of new product development projects, based on detailed reporting and analysis of the costs incurred and the estimated future utility of such projects.
The Group has capitalized a total of €4,512 thousand in development costs as intangible assets during the first half of 2015; the increase of €1,416 thousand in "New product development costs" for projects already completed at 30 June 2015, and €3,096 thousand in "Work in progress and advances" for projects still in progress.
The Group has incurred some €22.9 million in research and development costs during the first half of 2015 (€19.9 million in the first half of 2014).

"Patents" mostly refer to internal development costs and the subsequent cost of filing for patents and to costs for developing and integrating data processing systems.

"Trademarks and similar rights" include €79.8 million for the "De’Longhi" trademark, as well as €95.0 million for the perpetual license over the Braun Household brand, treated as having an indefinite useful life under the criteria specified in IAS 38, taking into account, above all, brand awareness, economic performance, characteristics of the target market, the specific brand strategies and the amount of the investments made to support the brands.
The impairment test carried out at the end of 2014 on the basis of discount rates reflecting current market assessments of the time value of money and the risks specific to the individual cash-generating units, did not reveal any evidence that these assets might have suffered an impairment loss. No events of significance have occurred in the first half of 2015 such as might suggest that the carrying amount of trademarks could have suffered any impairment loss.

12. LAND, PROPERTY, PLANT AND MACHINERY

These are analyzed as follows:

	30.06.2015		31.12.2014		
	Gross	**Net**	**Gross**	**Net**	**Change**
Land and buildings	63,962	46,273	60,893	45,361	912
Plant and machinery	121,762	58,611	135,505	58,515	96
Total	**185,724**	**104,884**	**196,398**	**103,876**	**1,008**

The following table reports movements during 2015:

	Land and buildings	Plant and machinery	Total
Net opening balance	**45,361**	**58,515**	**103,876**
Additions	483	1,983	2,466
Disposals	-	(166)	(166)
Depreciation	(1,736)	(3,535)	(5,271)
Translation differences and other movements (*)	2,165	1,814	3,979
Net closing balance	**46,273**	**58,611**	**104,884**

(*) The amounts relating to "Other movements" mostly refer to the reclassifications of “Work in progress and advances”.

The increases in "Plant and machinery" refer mainly to the purchase of plants in Romania and China, as well as the investments made in Italy in the coffee machine production lines.

The balance of property, plant and equipment includes the following assets purchased under finance lease (reported at their net book value):

	30.06.2015	31.12.2014	Change
Plant and equipment	4,746	4,911	(165)
Other	24	39	(15)
Total	**4,770**	**4,950**	**(180)**

Information on the financial liability arising under the related lease agreements can be found in note 28. Other financial payables.

13. OTHER TANGIBLE ASSETS

Details of other tangible assets are as follows:

	30.06.2015		31.12.2014		
	Gross	**Net**	**Gross**	**Net**	**Change**
Industrial and commercial equipment	251,229	45,705	249,832	44,414	1,291
Other	72,480	25,065	68,432	25,420	(355)
Work in progress and advances	21,843	21,843	16,194	16,194	5,649
Total	**345,552**	**92,613**	**334,458**	**86,028**	**6,585**

The following table reports movements during the first half 2015:

	Industrial and commercial equipment	Other	Work in progress and advances	Total
Net opening balance	**44,414**	**25,420**	**16,194**	**86,028**
Additions	8,109	3,114	7,357	18,580
Disposals	(328)	(67)	(38)	(433)
Depreciation	(9,628)	(4,066)	-	(13,694)
Translation differences and other movements (*)	3,138	664	(1,670)	2,132
Net closing balance	**45,705**	**25,065**	**21,843**	**92,613**

(*) The amounts relating to "Other movements" mostly refer to the reclassifications of “Work in progress and advances”.

The additions to "Industrial and commercial equipment" mostly refer to the purchase of moulds for manufacturing new products.

The increase in “Work in progress” is explained by the investments connected to the development of the Chinese subsidiary and the new plant in Romania.

14. EQUITY INVESTMENTS

Details of equity investments are as follows:

	30.06.2015	31.12.2014	Change
Equity investments consolidated using the equity method	5,475	4,355	1,120
Other equity investments available-for-sale	854	842	12
Total	**6,329**	**5,197**	**1,132**

The change in the value of jointly controlled equity investments in the first half of 2015 can be broken down as follows:

	30.06.2015
Opening net balance	**4,355**
Interest in net profit	744
Exchange differences	376
Closing net balance	**5,475**

15. NON-CURRENT RECEIVABLES

The balance at 30 June 2015 comprises €2,748 thousand in security deposits (€2,509 thousand at 31 December 2014 for security deposits).

16. OTHER NON-CURRENT FINANCIAL ASSETS

At 30 June 2015, these refer for €4,948 thousand, to the fair value measurement of derivatives and, for €81 thousand, to bond held by subsidiaries (at 31 December 2014, €452 thousand and €74 thousand respectively).

17. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities are detailed as follows:

	30.06.2015	31.12.2014	Change
Deferred tax assets (*)	47,622	42,515	5,107
Deferred tax liabilities	(20,937)	(20,156)	(781)
Net asset balance	**26,685**	**22,359**	**4,326**

(*) Calculated primarily based on taxed provisions and consolidation adjustments.

"Deferred tax assets" and "Deferred tax liabilities" include the taxes calculated on temporary differences between the carrying amount of assets and liabilities and their corresponding tax base (particularly taxed provisions recognized by the parent company and its subsidiaries) and the tax effects associated with the allocation of higher values to fixed assets as a result of allocating goodwill arising on consolidation. They also include the benefit arising from the carryforward of unused tax losses which are likely to be used in the future.

Details of the net balance are as follows:

	30.06.2015	31.12.2014	Change
Temporary differences	15,307	16,070	(763)
Tax losses	11,378	6,289	5,089
Net asset balance	**26,685**	**22,359**	**4,326**

The change in the net asset balance also reflects the decrease in “Profit (loss) carried forward" recognized in net equity of €563 thousand relating to “Fair value and cash flow hedge reserve”.

CURRENT ASSETS

18. INVENTORIES

"Inventories", shown net of an allowance for obsolete and slow-moving goods, can be broken down as follows:

	30.06.2015	31.12.2014	Change
Finished products and goods	334,205	274,785	59,420
Raw, ancillary and consumable materials	57,271	47,080	10,191
Work in progress and semi-finished products	31,304	25,795	5,509
Inventory writedown allowance	(32,357)	(29,897)	(2,460)
Total	**390,423**	**317,763**	**72,660**

The value of inventories, influenced by seasonality, is stated after deducting an allowance for obsolete or slow-moving goods totalling €32,357 thousand (€29,897 thousand at 31 December 2014) in relation to products and raw materials that are no longer of strategic interest to the Group.

19. TRADE RECEIVABLES

These are detailed as follows:

	30.06.2015	31.12.2014	Change
Trade receivables			
- due within 12 months	252,365	382,967	(130,602)
- due beyond 12 months	68	94	(26)
Allowance for doubtful accounts	(17,653)	(16,902)	(751)
Total trade receivables	**234,780**	**366,159**	**(131,379)**

Trade receivables, which are influenced by seasonality, are stated net of an allowance for doubtful accounts of €17,653 thousand, representing a reasonable estimate of the expected risk at the reporting date. The allowance refers to a number of disputed receivables or those whose collection is otherwise in doubt and takes account of the fact that a significant proportion of the receivables are covered by insurance policies with major insurers.

Movements in the allowance for doubtful accounts are shown in the following table:

	31.12.2014	Net increases	Utilization	Translation differences and other movements	30.06.2015
Allowance for doubtful accounts	16,902	1,631	(1,142)	262	17,653

20. CURRENT TAX ASSETS

These are detailed as follows:

	30.06.2015	31.12.2014	Change
Tax payments on account	3,983	4,642	(659)
Tax refunds requested	2,332	1,410	922
Other direct tax receivables	1,178	1,198	(20)
Total	**7,493**	**7,250**	**243**

There are no current tax assets due beyond 12 months.

21. OTHER RECEIVABLES

"Other receivables" are analyzed as follows:

	30.06.2015	31.12.2014	Change
VAT	11,709	20,237	(8,528)
Advances to suppliers	8,049	5,492	2,557
Other tax receivables	3,584	3,992	(408)
Prepaid insurance costs	1,876	1,084	792
Employees	356	276	80
Other	7,841	7,203	638
Total	**33,415**	**38,284**	**(4,869)**

This item includes €8 thousand in amounts due beyond 12 months (€7 thousand at 31 December 2014).

22. CURRENT FINANCIAL RECEIVABLES AND ASSETS

"Current financial receivables and assets" are analyzed as follows:

	30.06.2015	31.12.2014	Change
Fair value of derivatives	21,808	23,160	(1,352)
Other financial receivables	234	32,083	(31,849)
Total current financial receivables and assets	**22,042**	**55,243**	**(33,201)**

More details on the fair value of derivatives can be found in note 28. Other financial payables.

"Other financial receivables" mainly refer to receivables arising from the without-recourse factoring of receivables.

23. CASH AND CASH EQUIVALENTS

This balance consists of surplus liquidity in current bank accounts, mostly relating to customer payments received at the end of the period and temporary cash surpluses.
A few of the Group's foreign companies have a total of €392.6 million in cash in current accounts held at the same bank. These cash balances form part of the international cash pooling system and are partially offset by €392.9 million in overdrafts at the same bank pertaining to other foreign companies. This bank therefore acts as a "clearing house" for the Group's positive and negative cash balances. Considering the substance of the transactions and technical workings of the international cash pooling system, the positive and negative cash balances have been netted against one another in the consolidated statement of financial position, as allowed by IAS 32. The bank in question has been given a lien over all the cash balances within the international cash pooling system in respect of this service.

The cash balances at 30 June 2015 include €2,098 thousand in current accounts of a few subsidiaries which are restricted having been given as collateral.

24. NON-CURRENT ASSETS HELD FOR SALE

The item refers to the value of a freehold property of a branch that was classified under non-current assets held for sale, as required under IFRS 5 – Non-current assets held for sale and discontinued operations, insofar as the Group initiated a program to locate a buyer and complete the disposal.
The amount corresponds to the net carrying amount, insofar as it is not less than the fair value of the assets held for sale, net of the selling costs.

	31.12.2014	Translation difference	30.06.2015
Non-current asset held for sale	1,235	198	1,433

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION: NET EQUITY

NET EQUITY

Net equity is made up as follows:

	30.06.2015	31.12.2014	Change
Group portion	815,398	783,237	32,161
Minority interests	2,687	2,910	(223)
Total	**818,085**	**786,147**	**31,938**

The primary objective of the Group's capital management is to maintain a solid credit rating and adequate capital ratios in order to support its business and maximize value for shareholders.

Movements in the equity accounts are reported in one of the earlier schedules forming part of the financial statements; comments on the main components and their changes are provided below.

The annual general meeting (AGM) of De’Longhi S.p.A. held on 14 April 2015 approved a dividend totalling €61,295 thousand, which was paid in full during the semester.

25. SHARE CAPITAL

Share capital is made up of 149,500,000 ordinary shares of par value €1.5 each, for a total of €224,250 thousand.

26. RESERVES

These are analyzed as follows:

	30.06.2015	31.12.2014	Change
Share premium reserve	162	162	-
Legal reserve	15,573	12,225	3,348
Other reserves			
- Extraordinary reserve	21,733	19,421	2,312
- Fair value and cash flow hedge reserve	13,718	11,862	1,856
- Currency translation reserve	61,496	7,312	54,184
- Profit (loss) carried forward	441,050	381,473	59,577
Total reserves	**553,732**	**432,455**	**121,277**

The "Share premium reserve" was set up following the public offering at the time of the parent company's listing on the Milan stock exchange on 23 July 2001. The residual amount of this reserve is €325 thousand at 31 December 2011; following the demerger transaction in favour of DeLclima S.p.A. the share premium reserve was reduced to €162 thousand.

The "Legal reserve" had a balance of €12,225 thousand at 31 December 2014. The increase of €3,348 thousand is explained by the allocation of profit for the year approved by shareholders during De'Longhi S.p.A.'s AGM held on 14 April 2015.

The "Extraordinary reserve" increased by €2,312 thousand due to the allocation of the profit for the year, as approved by shareholders during the above AGM.

The "Fair value and cash flow hedge reserve" reports a positive balance of €13,718 thousand, net of €3,452 thousand in tax.
The change in the "Fair value and cash flow hedge" reserve in 2015, recognized in the statement of comprehensive income for the year, is attributable to the fair value of the cash flow hedge and available-for-sale securities of €1,856 thousand net of €563 thousand in tax.

The "Currency translation" reserve refers to exchange differences arising from the translation into Euros of the financial statements of consolidated companies reported in currencies other than the Euro. It also includes the pertinent portion of the gains or losses on financial instruments hedging net investments in foreign subsidiaries.

The item "Profit (loss) carried forward" includes the retained earnings of the consolidated companies and the effects of consolidation adjustments and changes made to comply with Group accounting policies. The increase posted in the first half reflects the retained earnings from the previous year of €120,872 thousand, net of €61,295 thousand in dividend payments.

Minority interests in net equity, which amount to €2,687 thousand (including the loss for the period of €12 thousand), refer to the minority interest (49%) held in E-Services S.r.l.

The net decrease of €223 thousand in minority interests in net equity with respect to 31 December 2014 is due to the loss for the period attributable to minority interests of €12 thousand and to the distribution of dividends to minority shareholders of €211 thousand.

Below is a reconciliation between the net equity and profit reported by the parent company, De'Longhi S.p.A., and the figures shown in the consolidated financial statements:

	Net equity 30.06.2015	Profit (loss) after taxes 1st half 2015
De'Longhi S.p.A. financial statements	**261,952**	**389**
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	575,616	45,934
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	26,066	(1,217)
Elimination of intercompany profits	(42,529)	(7,972)
Other adjustments	(3,020)	270
Consolidated financial statements	**818,085**	**37,404**
Minority interests	2,687	(12)
Group portion	**815,398**	**37,416**

NON-CURRENT LIABILITIES

27. BANK LOANS AND BORROWINGS

"Bank loans and borrowings" (including the current portion) are analyzed as follows:

	30.06.2015	31.12.2014	Change
Overdrafts	715	2,097	(1,382)
Short-term loans in Euro or foreign currency	48,156	195,077	(146,921)
Long-term loans (current portion)	-	5,957	(5,957)
Total short-term bank loans and borrowings	**48,871**	**203,131**	**(154,260)**
Long-term loans, one to five years	-	8,980	(8,980)
Total long term loans	**-**	**8,980**	**(8,980)**
Total bank loans and borrowings	**48,871**	**212,111**	**(163,240)**

The figure at 30 June 2015 doesn't include long-term loans.
The loan granted by Centrobanca – Banca Popolare di Vicenza, still outstanding at 31 December 2014, was repaid in full.
No new loans were granted during the first half of 2015.

28. OTHER FINANCIAL PAYABLES

This balance, inclusive of the current portion, is made up as follows:

	30.06.2015	31.12.2014	Change
Negative fair value of derivatives	6,336	6,493	(157)
Payables to lease companies (short-term portion)	896	976	(80)
Other short term financial payables	27,985	21,400	6,585
Total short-term payables	**35,217**	**28,869**	**6,348**
Private placement (one to five years)	20,661	19,059	1,602
Payables to lease companies (one to five years)	1,462	1,836	(374)
Negative fair value of derivatives (one to five years)	303	-	303
Other financial payables (one to five years)	36,819	37,865	(1,046)
Total long-term payables (one to five years)	**59,245**	**58,760**	**485**
Private placement (beyond five years)	55,738	51,344	4,394
Negative fair value CCIRS (hedging the bond loan – beyond five years)	719	4,227	(3,508)
Other financial payables (beyond five years)	149	-	149
Total long-term payables (beyond five years)	**56,606**	**55,571**	**1,035**
Total other financial payables	**151,068**	**143,200**	**7,868**

The fair value of outstanding financial instruments at 30 June 2015 is detailed as follows:

	***Fair Value* at 30.06.2015**
FX forward agreements	(156)
CCIRS on the bond loan issued by the parent company (in USD)	9,445
Derivatives hedging foreign currency receivables/payables	**9,289**
FX fFX forwards	16,339
CCIRS on the bond loan issued by the parent company (in USD)	(6,230)
Derivatives covering expected cash flows	**10,109**
Total fair value of the derivatives	**19,398**

The short-term portion of "Negative fair value of derivatives" refers to hedges on currencies, foreign currency receivables and payables, as well as on future revenue streams.
The negative fair value of the CCIRS (Cross Currency Interest Rate Swap) refers to both the interest rate risk and the exchange risk of the bond loan, issued by the Parent Company, which calls for the exchange, on the same maturities as those of the bond loan, of interest payments and principal.

"Other short-term financial payables" refer primarily to balances arising as part of without-recourse factoring of receivables. This item also includes the residual amount payable as a result of the transfer by the UK subsidiary of pension fund liabilities to third parties (see note 29. Employee benefits below for additional information).

The item “Private placement” refers to the unsecured notes placed with US institutional investors (the US Private Placement), completed in the prior year, for a total of USD 85,000 thousand (amounting to €76,399 thousand at 30 June 2015 based on the amortized cost method; at 31 December 2014 €70,403 thousand).
The securities were issued by De’Longhi S.p.A. in a single tranche and have a duration of 14 years. The bonds will accrue interest from the subscription date at a rate of 4.25%. The bond loan will be repaid yearly in equal capital instalments beginning September 2017 and ending September 2027, without prejudice to the ability to repay the entire amount in advance, for an average life of 10 years.

The securities are unrated and are not intended to be listed on any regulated markets.
The bond loan is subject to financial covenants in line with those contemplated in other existing loan transactions. The covenants had not been breached at 30 June 2015. The issue is not secured by collateral of any kind.

"Other financial payables (one to five years)" refers primarily to the earn-out payable under the Braun sales agreement linked to the sales performance of the Braun brand over the first five years following the acquisition (measured at fair value at the end of the reporting period).

All the principal other financial payables (with exception of private placement loan) carry floating-rate interest, meaning that interest is based on a benchmark rate (usually 1 or 3-month Libor/Euribor) plus a spread, which depends on the nature of the payable and its due date. As a result, the fair value of loans, obtained by discounting expected future interest payments at current market rates, is not materially different from the value reported in the financial statements. This is based on the fact that forecasts of future interest payments use an interest rate which reflects current market conditions (in terms of benchmark interest rates).
The bond loan was issued at a fixed rate, however the change in fair value is hedged by a Cross Currency Interest Rate Swap.

Net financial position

Details of the net financial position are as follows:

	30.06.2015	31.12.2014	Change
A. Cash	218	132	86
B. Cash equivalents	276,649	388,398	(111,749)
C. Securities	-	-	-
D. Total liquidity (A+B+C)	**276,867**	**388,530**	**(111,663)**
E. Current financial receivables and other securities	**22,042**	**55,243**	**(33,201)**
of which:			
Fair value of derivatives	*21,808*	*23,160*	*(1,352)*
F. Current bank loans and borrowings	(48,871)	(197,174)	148,303
G. Current portion of non-current debt	-	(5,957)	5,957
H. Other current financial payables	(35,217)	(28,869)	(6,348)
of which:			
Fair value of derivatives and other financial payables	*(7,562)*	*(7,493)*	*(69)*
I. Current financial debt (F+G+H)	**(84,088)**	**(232,000)**	**147,912**
J. Net current financial receivables (payables)(D+E+I)	**214,821**	**211,773**	**3,048**
Non-current financial receivables	5,029	526	4,503
of which:			
Fair value of derivatives	*4,948*	*452*	*4,496*
K. Non-current bank loans and borrowings	-	(8,980)	8,980
L. Bonds	(76,399)	(70,403)	(5,996)
M. Other non-current payables	(39,452)	(43,928)	4,476
of which:			
Fair value of derivatives and other financial payables	*(36,660)*	*(40,289)*	*3,629*
N. Non-current financial debt (K+L+M)	**(110,822)**	**(122,785)**	**11,963**
Total	**103,999**	**88,988**	**15,011**

For a better understanding of changes in the Group's net financial position, reference should be made to the full consolidated statement of cash flows, appended to the present explanatory notes, and the condensed statement presented in the interim report on operations.
Details of financial receivables and payables with related parties are reported in Appendix 3.

29. EMPLOYEE BENEFITS

These are made up as follows:

	30.06.2015	31.12.2014	Change
Provision for severance indemnities	11,677	11,663	14
Defined benefit plans	16,181	15,977	204
Short-term benefits	7,593	11,673	(4,080)
Total employee benefits	**35,451**	**39,313**	**(3,862)**

The provision for severance indemnities includes amounts payable to employees of the Group's Italian companies and not transferred to supplementary pension schemes or the pension fund set up by INPS (Italy's national social security agency). This provision has been classified as a defined benefit plan, governed as such by IAS 19 - Employee benefits.

Some of the Group's foreign companies provide defined benefit plans for their employees.
Some of these plans have assets servicing them, but severance indemnities, as an unfunded obligation, do not. These plans are valued on an actuarial basis to express the present value of the benefit payable at the end of service that employees have accrued at the reporting date.

The amounts of the obligations and assets to which they refer are set out below:

Provision for severance indemnities:

Movements in the period are summarized below:

Net cost charged to income	**30.06.2015**
Current service cost	99
Interest cost on obligations	106
Total	**205**

Change in present value of obligations	
Present value at 1 January 2015	**11,663**
Current service cost	99
Utilization of provision	(191)
Interest cost on obligations	106
Present value at 30 June 2015	**11,677**

Defined benefit plans:

Movements in the period are as follows:

Net cost charged to income	**30.06.2015**
Current service cost	794
Interest cost on obligations	153
Total	**947**

Change in present value of obligations	
Present value at 1 January 2015	**15,977**
Net cost charged to income	947
Benefits paid	(523)
Translation differences and other movements	(220)
Present value at 30 June 2015	**16,181**

The outstanding liability at 30 June 2015 of €16,181 thousand (€15,977 thousand at 31 December 2014) refers to a few subsidiaries (mainly in Germany and Japan).

The subsidiary Kenwood Limited has a defined employee benefit plan, through an outside pension fund, which has financial assets and obligations to certain employees and former employees of the company (the fund has been closed to new entrants for several years).
In 2011 in view of the fund deficit, and the gradual increase in the net liability in recent years, the Group decided to reduce its exposure to the risk arising from this plan's obligations, just for beneficiaries who have already retired, by purchasing annuities which exactly cover the plan's benefits for the beneficiaries concerned. During 2013 the Group completed another transaction involving the other plan beneficiaries (the employees still actively employed by the Group) as a result of which the pension fund liabilities were transferred to third parties based on the "buy in" agreement stipulated with a premier insurance company which will be followed by a "full buy out" payable on the expiration date agreed upon, namely by the second half of 2015 when all the transactions are expected to have been completed.
Thanks to this additional transaction the Group has essentially neutralized the risk linked to this plan relative to all the beneficiaries; a partial delayed payment schedule was also agreed upon with the insurance company based on a which a financial payable of €1,137 thousand was recognized.

The other employee benefits refer mainly to the residual balance of the 2012 – 2014 incentive plan for which provisions were made in prior years. The beneficiaries of the plan approved by the Parent Company's Board of Directors, which was closed at 31 December 2014, include the Chief Executive Officer, as well as a few executives of De'Longhi S.p.A. and other Group companies. Part of the benefits were paid in first half 2015; the remaining balance of the reserve refers to the part that is expected to be paid by year-end. For more information please refer to the financial statements at 31 December 2014.

30. OTHER PROVISIONS FOR NON-CURRENT CONTINGENCIES AND CHARGES

These are analyzed as follows:

	30.06.2015	31.12.2014	Change
Agents' leaving indemnity provision and other retirement provisions	1,924	2,094	(170)
Product warranty provision	28,944	29,411	(467)
Provisions for contingencies and other charges	15,132	14,527	605
Total non-current provisions for contingencies and other charges	**46,000**	**46,032**	**(32)**

Movements are as follows:

	31.12.2014	Utilization	Accrual	Currency translation differences and other movements	30.06.2015
Agents' leaving indemnity provision and other retirement provisions	2,094	(221)	51	-	1,924
Product warranty provision	29,411	(9,510)	8,460	583	28,944
Provisions for contingencies and other charges	14,527	(635)	1,107	133	15,132
Total	**46,032**	**(10,366)**	**9,618**	**716**	**46,000**

The agents' leaving indemnity provision covers the payments that might be due to departing agents in accordance with art. 1751 of the Italian Civil Code, as applied by collective compensation agreements in force.

The product warranty provision has been established, for certain consolidated companies, on the basis of estimated under-warranty repair and replacement costs for sales taking place by 30 June 2015. It takes account of the provisions of Decree 24/2002 and of European Community law.

The "Provision for contingencies and other charges" includes the provision of €11,969 thousand (€12,466 thousand at 31 December 2014) for liabilities arising from product complaints (limited to the Group's insurance deductible), the provision of €672 thousand (€755 thousand at 31 December 2014) for restructuring and reorganization and provisions made by the parent company, as well as a few subsidiaries, relating to commercial risks and other charges.

CURRENT LIABILITIES

31. CURRENT TAX LIABILITIES

The item "Tax liabilities" refers to the Group's direct tax and don't include tax due beyond 12 months.

32. OTHER PAYABLES

These are detailed as follows:

	30.06.2015	31.12.2014	Change
Employees	28,789	28,044	745
Indirect taxes	9,941	19,418	(9,477)
Social security institutions	5,054	5,955	(901)
Withholdings payables	3,393	4,848	(1,455)
Advances	567	955	(388)
Other taxes	914	7,507	(6,593)
Other	24,292	24,116	176
Total	**72,950**	**90,843**	**(17,893)**

33. COMMITMENTS

These are detailed as follows:

	30.06.2015	31.12.2014	Change
Guarantees given to third parties	1,484	1,458	26
Other commitments	6,358	6,443	(85)
Total	**7,842**	**7,901**	**(59)**

"Other commitments" mainly consist of contractual obligations pertaining to the subsidiaries.

In addition:
- as part of its factoring of trade receivables without recourse, the total exposure for which amounted to €101,860 at 30 June 2015, the Group issued a surety and a credit mandate.

34. HIERARCHICAL LEVELS OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following table presents the hierarchical levels in which the fair value measurements of financial instruments have been classified at 30 June 2015. As required by IFRS 7, the hierarchy comprises the following levels:

- level 1: quoted prices in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- level 3: inputs for the asset or liability that are not based on observable market data.

Financial instruments measured at fair value	**Level 1**	**Level 2**	**Level 3**
Derivatives:			
- derivatives with positive fair value	-	26,756	-
- derivatives with negative fair value	-	7,358	-
Available-for-sale financial assets:			
- equity investments	171	-	-
- other non-current financial assets	81	-	-

There were no transfers between the levels during the period.

35. TAX POSITION

The competent tax authorities have carried out the following inspections at companies within the De'Longhi Group as part of their programme of periodic taxpayer audits, the status of which is described below:

- De'Longhi Appliances S.r.l.: audit by the Treviso tax police of direct tax, VAT and other taxes for tax periods from 01/01/2007 to 29/05/2009, under the provisions of art. 27, par. 9 -11 of Decree 185/2008 (so-called tax tutorship). A preliminary notice of findings relating to tax year 2007 was issued on 23 December 2009. The company presented a tax settlement proposal which was finalized on 17 May 2013 and in which the objections to the direct taxation were duly noted.
With regard to indirect taxation, the tax office for the Region of Veneto - Ufficio Grandi Contribuenti (the office for corporate taxpayers) on 30 January 2014 issued a notice stating that sanctions were going to be applied for violations relative to tax year 2007 and on 23 June 2014 for violations relative to tax year 2008. The company reserved the right to appeal the alleged violations in the appropriate forum.

When preparing the present consolidated financial statements, the Group has evaluated, with the assistance of its tax advisors, the possible outcomes of the above proceedings which were still uncertain at the end of the reporting period.

36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Appendix 3 contains the information concerning transactions and balances with related parties required by CONSOB Circulars 97001574 dated 20 February 1997, 98015375 dated 27 February 1998 and DEM/2064231 dated 30 September 2002; all transactions have fallen within the Group's normal operations and have been settled under arm's-length terms and conditions.

Transactions and balances between the parent company and subsidiaries are not reported since these have been eliminated upon consolidation.

37. OPERATING SEGMENTS

As required under IFRS 8, the Group's activities were broken down into three operating segments (Europe, APA, MEIA) based on business region.
Each segment is responsible for all aspects of the Group's brands and services different markets; the revenues and the margins, therefore, generated by each operating segment (based on business region) may not coincide with the revenues and margins of the relative markets (based on geographic area) given the sales made by a few Group companies outside of their respective geographical areas and the intragroup transactions not allocated based on destination.

Information relating to operating segments is presented below:

Income statement data

			1st half 2015		
	Europe	*APA*	*MEIA*	Eliminations (**)	Consolidated total
Revenues (*)	**586,174**	**446,576**	**73,700**	**(315,888)**	**790,562**
EBITDA	**67,170**	**22,568**	**5,907**	**(312)**	**95,333**
Amortization	(19,049)	(5,889)	(37)	-	(24,975)
EBIT	**48,121**	**16,679**	**5,870**	**(312)**	**70,358**
Financial income (expenses)					(18,978)
Profit (loss) before taxes					**51,380**
Income taxes					(13,976)
Profit (loss) after taxes					**37,404**
Profit (loss) pertaining to minority interests					(12)
Profit (loss) for the period					**37,416**

(*) The revenues for each segment include revenues generated by both third parties and other Group operating segments.
(**) Eliminations refer to intersegment revenues generated and eliminated on a consolidated basis.

Statement of financial position

			30 June 2015		
	Europe	*APA*	*MEIA*	Eliminations	Consolidated total
Total assets	933,205	719,793	58,012	(160,493)	1,550,517
Total liabilities	(603,181)	(265,557)	(24,166)	160,472	(732,432)

Income statement data

	1st half 2014				
	Europe	*APA*	*MEIA*	Eliminations (**)	Consolidated total
Revenues (*)	**528,989**	**379,196**	**68,344**	**(276,414)**	**700,115**
EBITDA	**56,377**	**22,342**	**8,688**	**(218)**	**87,189**
Amortization	(17,818)	(4,109)	(45)	-	(21,972)
EBIT	**38,559**	**18,233**	**8,643**	**(218)**	**65,217**
Financial income (expenses)					(19,939)
Profit (loss) before taxes					**45,278**
Income taxes					(12,007)
Profit (loss) after taxes					**33,271**
Profit (loss) pertaining to minority interests					262
Profit (loss) for the period					**33,009**

(*) The revenues for each segment include revenues generated by both third parties and other Group operating segments.
(**) Intersegment revenues refer to transactions between operating segments, eliminated on a consolidated basis.

Statement of financial position

	31 december 2014				
	Europe	*APA*	*MEIA*	Eliminations	Consolidated total
Total assets	1,172,473	675,245	64,998	(172,491)	1,740,225
Total liabilities	(847,616)	(269,491)	(9,474)	172,503	(954,078)

38. RISK MANAGEMENT

The Group is exposed to the following financial risks as part of its normal business activity: credit, liquidity and market risks (relating primarily to currency and interest rate).
This condensed half-year financial report does not contain all the information and explanatory notes relative to financial risk management that must be included in the annual report. For additional information in this regard refer to the notes to the consolidated financial statements at 31 December 2014.

39. SUBSEQUENT EVENTS

There have been no significant events since the end of the reporting period.

Treviso, 31 July 2015

De'Longhi S.p.A.
Vice Chairman and Chief Executive Officer
Fabio de' Longhi

APPENDICES

These appendices contain additional information to that reported in the explanatory notes, of which they form an integral part.

This information is contained in the following appendices:

1. List of consolidated companies
2. Statement of consolidated cash flows in terms of net financial position
3. Transactions and balances with related parties:
    a) *Consolidated income statement and Consolidated statement of financial position*
    b) *Summary by company*

List of consolidated companies

(Appendix 1 to the Explanatory Notes)

LIST OF COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Company name	Registered office	Currency	Share capital (1)	Interest held at 30/06/2015	
				Directly	Indirectly
LINE-BY-LINE METHOD:					
DE'LONGHI APPLIANCES S.R.L.	Treviso	EUR	200,000,000.00	100%	
DE'LONGHI AMERICA INC.	Upper Saddle River	USD	9,100,000.00		100%
DE'LONGHI FRANCE S.A.R.L.	Clichy	EUR	2,737,500.00		100%
DE'LONGHI CANADA INC.	Mississauga	CAD	1.00		100%
DE'LONGHI DEUTSCHLAND GMBH	Neu-Isenburg	EUR	2,100,000.00	100%	
DE'LONGHI BRAUN HOUSEHOLD GMBH	Neu-Isenburg	EUR	100,000.00		100%
DE'LONGHI ELECTRODOMESTICOS ESPANA S.L.	Barcellona	EUR	3,066.00		100%
DE'LONGHI CAPITAL SERVICES S.R.L. (2)	Treviso	EUR	53,000,000.00	11,32%	88,68%
E- SERVICES S.R.L.	Treviso	EUR	50,000.00	51%	
DE'LONGHI KENWOOD A.P.A. LTD	Hong Kong	HKD	73,010,000.00		100%
TRICOM INDUSTRIAL COMPANY LIMITED	Hong Kong	HKD	171,500,000.00		100%
PROMISED SUCCESS LIMITED	Hong Kong	HKD	28,000,000.00		100%
ON SHIU (ZHONGSHAN) ELECTRICAL APPLIANCE CO.LTD.	Zhongshan City	CNY	USD 6,900,000.00		100%
DE'LONGHI-KENWOOD APPLIANCES (DONG GUAN) CO.LTD.	Qing Xi Town	CNY	HKD 285,000,000.00		100%
DE LONGHI BENELUX S.A.	Luxembourg	EUR	181,730,990.00	100%	
DE'LONGHI JAPAN CORPORATION	Tokyo	JPY	450,000,000.00		100%
DE'LONGHI AUSTRALIA PTY LTD.	Prestons	AUD	28,800,001.00		100%
DE'LONGHI NEW ZEALAND LTD.	Auckland	NZD	18,857,143.00		100%
ZASS ALABUGA LLC	Elabuga	RUB	95,242,767.00		100%
DE'LONGHI LLC	Mosca	RUB	644,820,000.00		100%
KENWOOD APPLIANCES LTD.	Havant	GBP	30,586,001.00		100%
KENWOOD LIMITED	Havant	GBP	26,550,000.00		100%
KENWOOD INTERNATIONAL LTD.	Havant	GBP	20,000,000.00		100%
KENWOOD APPL. (SINGAPORE) PTE LTD.	Singapore	SGD	500,000.00		100%
KENWOOD APPL. (MALAYSIA) SDN.BHD.	Subang Jaya	MYR	1,000,000.00		100%
DE'LONGHI-KENWOOD GMBH	Wr Neudorf	EUR	36,336.00	100%	
KENWOOD HOME APPL. PTY LTD.	Maraisburg	ZAR	100,332,501.00		100%
DE'LONGHI KENWOOD HELLAS S.A.	Atene	EUR	452,520.00		100%
DE'LONGHI PORTUGAL UNIPESSOAL LDA	Maia	EUR	5,000.00		100%
ARIETE DEUTSCHLAND GMBH	Dusseldorf	EUR	25,000.00		100%
CLIM.RE. S.A.	Luxembourg	EUR	1,239,468.00	4%	96%
ELLE SRL	Treviso	EUR	10,000.00		100%
DE'LONGHI BOSPHORUS EV ALETLERI TICARET ANONIM SIRKETI	Istanbul	TRY	7,700,000.00		100%
DE'LONGHI PRAGA S.R.O.	Praga	CZK	200,000.00		100%
KENWOOD SWISS AG	Baar	CHF	1,000,000.00		100%
DL HRVATSKA D.O.O.	Zagabria	HRD	20,000.00		100%
DE'LONGHI BRASIL - COMÉRCIO E IMPORTAÇÃO Ltda	São Paulo	BRL	7,406,582.00		100%
DE'LONGHI POLSKA SP. Z.O.O.	Varsavia	PLN	50,000	0,1%	99,9%
DE'LONGHI APPLIANCES TECHNOLOGY SERVICES (Shenzen) Co. Ltd	Shenzen	CNY	USD 175,000.00		100%
DE'LONGHI UKRAINE LLC	Kiev	UAH	549,843.00		100%
DE'LONGHI TRADING (SHANGHAI) CO. LTD	Shanghai	CNY	USD 945,000.00		100%
DE'LONGHI KENWOOD MEIA F.ZE	Dubai	USD	AED 2,000,000.00		100%
DE'LONGHI ROMANIA S.R.L.	Cluj-Napoca	RON	47,482,500.00	10%	90%
DE'LONGHI KENWOOD KOREA LTD	Seoul	KRW	900,000,000.00		100%
DL CHILE S.A.	Santiago del Cile	CLP	3,079,066,844.00		100%
DE'LONGHI SCANDINAVIA AB	Stockholm	SEK	5,000,000.00		100%
DELONGHI MEXICO SA DE CV	Bosques de las Lomas	MXN	2,576,000.00		100%

INVESTMENTS VALUED IN ACCORDANCE WITH THE EQUITY METHOD

DL-TCL HOLDINGS (HK) LTD.	Hong Kong	HKD	USD 5,000,000	50%
TCL-DE'LONGHI HOME APPLIANCES (ZHONGSHAN) CO.LTD.	Zhongshan City	CNY	USD 5,000,000	50%

OTHER SUBSIDIARIES (IN LIQUIDATION OR DORMANT)

Company name	Registered office	Currency	Share capital
Subsidiary companies:			
DE'LONGHI LTD.	Wellingborough	GBP	4,000,000.00

(1) Figures at 31 December 2014, unless otherwise specified.
(2) The articles of association, approved by the extraordinary shareholders' meeting held on 29 December 2004, give special rights to De'Longhi S.p.A. (holding 89% of the voting rights) for ordinary resolutions (approval of financial statements; declaration of dividends, nomination of directors and statutory auditors, purchase and sale of companies, grant of loans to third parties); voting rights are proportional as far as other resolutions are concerned, except for the preferential right to receive dividends held by the shareholder Kenwood Appliances Ltd.

Consolidated statement of cash flows in terms of net financial position

(Appendix 2 to the Explanatory Notes)

	1st half 2015	1st half 2014
Profit (loss) pertaining to the Group	37,416	33,009
Income taxes for the period	13,976	12,007
Amortization and depreciation	24,975	21,972
Net change in provisions and other non-cash items	(5,412)	(2,707)
Cash flow generated by current operations (A)	**70,955**	**64,281**
Change in assets and liabilities:		
Trade receivables	125,271	105,907
Inventories	(61,447)	(85,908)
Trade payables	(33,734)	(22,978)
Other current assets and liabilities	(5,468)	(17,948)
Payment of income taxes	(25,277)	(11,137)
Cash flow absorbed by movements in working capital (B)	**(655)**	**(32,064)**
Cash flow generated by current operations and movements in working capital (A+B)	**70,300**	**32,217**
Investment activities:		
Investments in intangible assets	(5,256)	(4,099)
Other cash flows for intangible assets	22	(61)
Investments in property, plant and equipment	(21,046)	(24,511)
Other cash flows for property, plant and equipment	722	646
Net investments in equity investments and other financial assets	(65)	488
Cash flow absorbed by ordinary investment activities (C)	**(25,623)**	**(27,537)**
Dividends paid	(61,295)	(59,800)
Fair Value and Cash Flow hedge reserve	2,407	(4,944)
Change in currency translation reserve	29,444	4,020
Increase (decrease) in minorities	(222)	5
Cash flow absorbed by changes in net equity (D)	**(29,666)**	**(60,719)**
Cash flow for the period (A+B+C+D)	**15,011**	**(56,039)**
Opening net financial position	**88,988**	**(9,034)**
Cash flow for the period (A+B+C+D)	15,011	(56,039)
Closing net financial position	**103,999**	**(65,073)**

Transactions and balances with related parties

(Appendix 3 to the Explanatory Notes)

Consolidated income statement

(€/000)	1st half 2015	of which with related parties	1st half 2014	of which with related parties
Revenues from sales and services	779,358	606	691,348	1,375
Other revenues	11,204	879	8,767	862
Total consolidated revenues	***790,562***		***700,115***	
Raw and ancillary materials, consumables and goods	(405,506)	(18,380)	(384,963)	(39)
Change in inventories of finished products and work in progress	51,499		69,863	
Change in inventories of raw and ancillary materials, consumables and goods	8,766		14,430	
Materials consumed	***(345,241)***		***(300,670)***	
Payroll costs	(112,490)		(101,248)	
Services and other operating expenses	(226,837)	(2,667)	(204,974)	(2,885)
Provisions	(10,661)		(6,034)	
Amortization and depreciation	(24,975)		(21,972)	
EBIT	**70,358**		**65,217**	
Financial income (expenses)	(18,978)	5	(19,939)	
PROFIT (LOSS) BEFORE TAXES	**51,380**		**45,278**	
Income taxes	(13,976)		(12,007)	
CONSOLIDATED PROFIT (LOSS) AFTER TAXES	**37,404**		**33,271**	
Profit (loss) pertaining to minority interests	(12)		262	
PROFIT (LOSS) PERTAINING TO THE GROUP	**37,416**		**33,009**	

Consolidated statement of financial position

ASSETS (€/000)	30.06.2015	of which with related parties	31.12.2014	of which with related parties
NON-CURRENT ASSETS				
INTANGIBLE ASSETS	324,839		325,110	
- Goodwill	92,400		92,400	
- Other intangible assets	232,439		232,710	
PROPERTY, PLANT AND EQUIPMENT	197,497		189,904	
- Land, property, plant and machinery	104,884		103,876	
- Other tangible assets	92,613		86,028	
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	14,106		8,232	
- Equity investments	6,329		5,197	
- Receivables	2,748		2,509	
- Other non-current financial assets	5,029		526	
DEFERRED TAX ASSETS	47,622		42,515	
TOTAL NON-CURRENT ASSETS	584,064		565,761	
CURRENT ASSETS				
INVENTORIES	390,423		317,763	
TRADE RECEIVABLES	234,780	1,261	366,159	1,446
CURRENT TAX ASSETS	7,493		7,250	
OTHER RECEIVABLES	33,415	173	38,284	301
CURRENT FINANCIAL RECEIVABLES AND ASSETS	22,042		55,243	
CASH AND CASH EQUIVALENTS	276,867		388,530	
TOTAL CURRENT ASSETS	965,020		1,173,229	
NON-CURRENT ASSETS HELD FOR SALE	1,433		1,235	
TOTAL ASSETS	**1,550,517**		**1,740,225**	

NET EQUITY AND LIABILITIES (€/000)	30.06.2015	of which with related parties	31.12.2014	of which with related parties
NET EQUITY				
GROUP PORTION OF NET EQUITY	815,398		783,237	
- Share capital	224,250		224,250	
- Reserves	553,732		432,455	
- Profit (loss) pertaining to the group	37,416		126,532	
MINORITY INTERESTS	2,687		2,910	
TOTAL NET EQUITY	818,085		786,147	
NON-CURRENT LIABILITIES				
FINANCIAL PAYABLES	115,851		123,311	
- Bank loans and borrowings (long-term portion)	-		8,980	
- Other financial payables (long-term portion)	115,851		114,331	
DEFERRED TAX LIABILITIES	20,937		20,156	
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	81,451		85,345	
- Employee benefits	35,451		39,313	
- Other provisions	46,000		46,032	
TOTAL NON-CURRENT LIABILITIES	218,239		228,812	
CURRENT LIABILITIES				
TRADE PAYABLES	344,635	3,992	382,545	232
FINANCIAL PAYABLES	84,088		232,000	
- Bank loans and borrowings (short-term portion)	48,871		203,131	
- Other financial payables (short-term portion)	35,217		28,869	1
CURRENT TAX LIABILITIES	12,520		19,878	
OTHER PAYABLES	72,950	1,165	90,843	1,165
TOTAL CURRENT LIABILITIES	514,193		725,266	
TOTAL NET EQUITY AND LIABILITIES	**1,550,517**		**1,740,225**	

Transactions and balances with related parties - Summary by company

In compliance with the guidelines and methods for identifying significant transactions, especially those with related parties covered by the De'Longhi S.p.A. rules on corporate governance, we shall now present the following information concerning income and expenses for the first half 2015 and credit/debit balances at 30 June 2015 from related party transactions:

(€/million)	**Revenues**	**Raw material and other costs**	**Trade and other receivables**	**Trade and other payables**
Related parties: (1)				
DeLClima S.p.A.	0.5	-	0.4	-
Climaveneta S.p.A.	0.3	0.1	0.4	0.9
DL Radiators S.p.A.	0.5	-	0.5	0.1
R.C. Group S.p.A.	-	-	-	0.4
TCL-De'Longhi Home Appliances (Zhongshan) Co.Ltd.	-	18.4	-	3.8
Gamma S.r.l.	-	2.6	-	-
TOTAL RELATED PARTIES	**1.5**	**21.0**	**1.4**	**5.2**

(1) These mostly refer to dealings of a commercial nature.

Starting from January 2012, following the demerger already mentioned, DeLclima S.p.A. and its subsidiaries became related parties, since controlled by common shareholders.
The transactions between the De'Longhi Group and the DeLclima Group are limited to financial and administrative services which continue to be provided by De'Longhi to DeLclima (primarily payroll and IT services).
Still there are some transactions referred to the production/purchase of finished and semi-finished products (mainly from China) then sold to DeLclima Group, under arm's-length terms and conditions.
The receivables/payables relative to Climaveneta S.p.A., DL Radiators S.p.A. and RC Group S.p.A. refer primarily to the tax receivables/payables from previous years when the companies were part of De'Longhi S.p.A.'s tax group.

Certification of the half-year condensed consolidated financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 dated 14 May 1999 and subsequent amendments and additions

The undersigned Fabio de'Longhi, Vice Chairman and Chief Executive Officer, and Stefano Biella, as Financial Reporting Officer of De'Longhi S.p.A., attest, also taking account of the provisions of paragraphs 3 and 4, art. 154-bis, of Decree 58 dated 24 February 1998:

- have been adequate in relation to the company's characteristics and
- have been effectively applied.

that the accounting and administrative processes for preparing the half-year condensed consolidated financial statements during the first half of 2015.

They also certify that the half-year condensed consolidated financial statements at 30 June 2015:

- have been prepared in accordance with the applicable International Financial Reporting Standards adopted by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
- correspond to the underlying accounting records and books of account;
- are able to provide a true and fair view of the issuer's statement of financial position and results of operations and of the Group of companies included in the consolidation.

Lastly, they certify that the interim report on operations contains references to important events that took place in the first six months of the year and their impact on the half-year condensed consolidated financial statements, together with a description of the principal risks and uncertainties in the remaining six months of the year, as well as information on significant related party transactions.

Treviso, 31 July 2015

Fabio de’ Longhi
Vice Chairman and Chief Executive Officer

Stefano Biella
Financial Reporting Officer

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
De'Longhi S.p.A.

Introduction

We have reviewed the interim condensed consolidated half-year financial statements, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes consolidated shareholders' equity, the consolidated cash flows statement and the related explanatory notes, of De'Longhi S.p.A. and its subsidiaries (the "De'Longhi Group") as of June 30, 2015. The Directors of De'Longhi S.p.A. are responsible for the preparation of the interim condensed consolidated half-year financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated half-year financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review of interim condensed consolidated half-year financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated half-year financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated half-year financial statements of De'Longhi Group as of June 30, 2015 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, July 31, 2015

Reconta Ernst & Young S.p.A.
Signed by: Stefano Marchesin, Partner

This report has been translated into the English language solely for the convenience of international readers

This report is available on the corporate website :
www.delonghigroup.com

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