INTERIM FINANCIAL REPORT AT 31 MARCH 2019

DēLonghi Group

COMPANY OFFICERS *

Board of Directors

Giuseppe de'Longhi	Chairman
Fabio de'Longhi	Vice Chairman and Chief Executive Officer
Silvia de'Longhi	Director
Massimiliano Benedetti**	Director
Ferruccio Borsani**	Director
Luisa Maria Virginia Collina**	Director
Renato Corrada	Director
Carlo Garavaglia	Director
Maria Cristina Pagni **	Director
Stefania Petruccioli**	Director
Giorgio Sandri	Director

Board of Statutory Auditors

Cesare Conti	Chairman
Paola Mignani	Standing member
Alberto Villani	Standing member
Laura Braga	Alternate auditor
Alberta Gervasio	Alternate auditor

External Auditors

PriceWaterhouseCoopers S.p.A. ***

Control, Risks, Corporate Governance and Sustainability Committee

Stefania Petruccioli**
Maria Cristina Pagni **
Renato Corrada

Remuneration and Appointments Committee

Maria Cristina Pagni **
Stefania Petruccioli**
Carlo Garavaglia

Independent Committee

Maria Cristina Pagni **
Massimiliano Benedetti**
Ferruccio Borsani**
Luisa Maria Virginia Collina**
Stefania Petruccioli**

* The company officers were elected at the shareholders' meeting of 30 April 2019 for the period 2019-2021.
** Independent directors.
*** During the meeting held on 24 April 2018 shareholders granted the financial audit assignment for the period 2019-2027 to PriceWaterhouseCoopers S.p.A..

Key performance indicators

Results

(€/million)	1st quarter 2019	% revenues	1st quarter 2019 normalized (*)	% revenues	1st quarter 2018	% revenues	Change normalized (*)	Change % normalized (*)
Revenues	376.4	100.0%	376.4	100.0%	402.6	100.0%	(26.2)	(6.5%)
Revenues at costant exchange rates	*372.4*	*100.0%*	*372.4*	*100.0%*	*403.3*	*100.0%*	*(30.9)*	*(7.7%)*
Net industrial margin	181.7	48.3%	181.7	48.3%	198.0	49.2%	(16.3)	(8.2%)
EBITDA before non – recurring /stock option costs	36.5	9.7%	31.8	8.4%	53.4	13.3%	(21.6)	(40.4%)
EBITDA	35.1	9.3%	30.4	8.1%	52.4	13.0%	(22.0)	(42.0%)
EBIT	16.6	4.4%	16.4	4.3%	39.3	9.7%	(22.9)	(58.3%)
Profit (loss) pertaining to the Group	11.4	3.0%	11.7	3.1%	26.4	6.6%	(14.7)	(55.8%)

Statement of financial position

(€/million)	31.03.2019	31.03.2019 normalized (*)	31.03.2018	31.12.2018
Net working capital	345.5	345.9	263.5	322.5
Net capital employed	953.6	876.0	780.6	837.8
Net financial assets	144.0	221.8	261.5	228.1
of which:				
- net bank financial assets	*220.8*	*220.8*	*275.6*	*229.0*
- other net non-bank financial receivables/(payables)	*(76.9)*	*1.0*	*(14.0)*	*(0.9)*
Net equity	1,097.6	1,097.9	1,042.1	1,065.9
Net working capital/Net revenues	16.8%	16.9%	13.2%	15.5%

(*) Figures were normalized excluding the effects of the transition to IFRS 16 *Leases.*

Introduction

This report contains the unaudited consolidated results at 31st March 2019.

The financial results as of March 31st, 2019 are published in accordance to the decision of the Board of Directors that determined to continue to approve and publish, on a voluntary basis and in addition to the annual and half-year financial reports as per article 154-*ter*, paragraph 1 and 2 of D. Lgs. n. 58/1998 ("TUF"), the interim reports within the terms and in the manner usually adopted by the Company.
The adopted communication policy, until a different determination by the Board of Directors, stipulates that the content of the interim reports shall be the same published in the past and it refers, in particular, to financial year 2018.

In light of the industrial partnership agreement finalized in December 2018, which calls for the sale of the majority interest in NPE S.r.l., unless indicated otherwise the income statement figures for the first quarter 2018, as well as, the statement of financial position figures as at 31st March 2018, commented on in this report refer to continuing operations, namely the consolidation perimeter excluding NPE S.r.l..

The consolidated financial figures were prepared using the same accounting policies as those used to prepare the consolidated financial statements at 31st December 2018 except for IFRS 16 *Leases*, applicable beginning on or after 1st January 2019.
The Group adopted IFRS 16 according to the modified retrospective approach based on which the recognized amount of the right-to-use asset should equal the lease liability, namely equal to the present value of the remaining payments discounted using the incremental borrowing rate at the date of initial application, without restating the comparative figures.
Subsequent to IFRS 16 application, on 1st January 2019 new assets equals to €80.7 million (relating mainly to leases for properties and automobiles) and the conresponding financial liabilities (the lease obligations) were recognized in the net financial position as non-banking items. The value of the right-of-use was depreciated and interest recognized, while costs represented by the lease payments made were eliminated.

The main impacts of the adoption of IFRS 16 *Leases* on alternative performance indicators is analyzed as follows:

(€/million)	**Impacts of the adoption of IFRS 16 on alternative performance indicators as at 31st March 2019**	
	Official figures	**Normalized figures**
EBITDA before non – recurring /stock option costs	36.5	31.8
EBIT	16.6	16.4
Profit before taxes	11.6	11.9
Net capital employed	953.6	876.0
Net financial assets	144.0	221.8
of which:		
- net bank financial assets	*220.8*	*220.8*
- other net non-bank financial receivables/(payables)	*(76.9)*	*1.0*
Net equity	1,097.6	1,097.9

For the sake of comparison with other closings, the results for the first quarter 2019 and the statement of financial position as at 31st March 2019 were normalized excluding the effects of the adoption of IFRS 16 *Leases.*

Performance review and significant events

In an international environment characterized by uncertainty and economic slowdown in a few countries, as well as a very competitive core market, the De'Longhi Group's revenues and margins fell in the first quarter of 2019 which, because of the business's seasonality, is the least representative quarter of the year.

Revenues amounted to €376.4 million in the quarter, down 6.5% compared to the first quarter of 2018 (€402.6 million); at constant exchange rate revenues would have come to €372.4 million (-7.7%) which reflects the positive exchange effect linked to a few of the main currencies (the US dollar, in particular).
The quarterly performance is the result of both lower volumes, above all for comfort category, and a negative price effect due to the commercial strategies adopeted in response to increasingly competitive market.

The first quarter results were also impacted by strong elements of discontinuity with regard particularly to comfort category including the advance sale of portable air conditioners in the United States in the fourth quarter of 2018, the different phasing of the business in a few markets and the comparison with the particularly strong season for heating products recorded in the first three months of 2018.
As for coffee, turnover were affected by the decrease in the sale of single-serve Nespresso machines attributable to both the comparison with first quarter 2018 which benefitted from the launch of the *Lattissima One* model at the end of 2017, as well as the interruption in the sale of Nespresso brand products, purchased from third parties, to the boutiques. The quarter was also impacted by a decrease in sales of a few specific promotional items and to a few distributers, as well as the sale of DolceGusto brand single-serve machines following the phase out of a few low-margin models.

As per the Group's main product category, coffee machines, the sales performance was positive for the fully automatic and manual machines which also benefitted from the first sales of the high end fully automatic machine, *Maestosa* and the new espresso pump machine, *La Specialista*, launched on a few markets in the first few months of 2019. The good results achieved by coffee in the first three months of 2019 is, moreover, compared with a first quarter 2018 characterized by strong growth (+16.2% compared to the first quarter of 2017, +20.7% in organic terms).

Turnover for cooking products fell due to weak core markets.

Cleaning and irons grew thanks to an increase in the sale of Braun brand ironing systems and De'Longhi brand cleaning products.

Revenues in Europe amounted to €262.2 million, down overall by 2.0% compared to the first quarter of 2018. In the first quarter of 2019 the positive sales trend that emerged in previous reporting periods continued in North East Europe where Russia, Ukraine and Poland more than offset the weak revenues recorded in the Czech Republic and the United Kingdom, despite the negative exchange effect. Conversely, the other European markets in the South West reported weak sales, with the exception of France where sales were higher.

In APA revenues amounted to €87.1 million, a decrease of 16.2% compared to the first three months of 2018 due mainly to comfort category which was affected generally by the different phasing of sales and the weak heating season linked to unfavorable weather conditions in the main markets, as well as by a tough comparison with the first quarter of 2018, particularly strong.

MEIA closed the quarter with revenues of €27.2 million, down 13.1% against the first quarter of 2018 due, above all, to the sales performance in Saudi Arabia (which was influenced by political and economic instability) and Turkey which was impacted by weak internal demand, as well as the commercial reorganization carried out in the first few months of 2019.

The industrial margin amounted to €181.7 million and went from 49.2% of revenues to 48.3% due mainly to the negative exchange effect on import currencies, increased production costs and a negative price effect, only partially offset by the positive mix effect. Net of the exchange effect, the industrial margin would have reached 49.5% of revenues, higher than the 49.2% recorded in the first quarter of 2018.

The normalized costs for services and other operating expenses, along with the non-industrial payroll costs, increased by a total of €5.3 million (+3.7% compared to the first quarter of 2018) due to higher investments in advertising and logistics costs, in addition to a negative exchange effect.
General overhead and promotional costs were higher as a percentage of revenue, even if stable in values.

EBITDA before non-recurring/stock option costs amounted to €36.5 million or 9.7% of revenues.
Excluding the impact of IFRS 16 application, normalized EBITDA before non-recurring/stock option costs would have reached €31.8 million and gone from 13.3% of revenues in the first three months of 2018 to 8.4% due to the above and an overall negative exchange effect; in organic terms normalized EBITDA before non-recurring costs would have reached €36.2 million (and gone from the 13.4% of revenues posted in first quarter 2018 to 9.7%).

Net of the non-recurring costs and the notional cost of the stock options, EBITDA amounted to €35.1 million or, 9.3% of revenues; excluding the impact of IFRS 16 application, the normalized EBITDA would have come to €30.4 million, and €22.0 million lower than the €52.4 million recorded in the first quarter of 2018.

EBIT, after amortization and depreciation of €18.5 million including the portion of the right of use capitalized in accordance with IFRS 16, came to €16.6 million or 4.4% of revenues in the first quarter of 2019. Excluding the impact of the application of the new standard on leasing, normalized EBIT would have amounted to €16.4 million or 4.3% or revenue, lower than in the first quarter of 2018 (€39.3 million or 9.7% of revenues).

Financial expenses were lower, going from the €7.0 million recorded in the first quarter of 2018 to €5.0 million in the first quarter of 2019, thanks primarily to the gains generated by financial and currency management, as well as the positive impact of the equity investments consolidated using the equity method (including the equity investment in Eversys and the TCL Group joint venture).

Profit pertaining to the Group amounted to €11.4 million in the first three months of 2019 (€26.4 million in the same period 2018) with lower taxes that were impacted by a different and temporary mix of economic results of the consolidated companies.

The net financial position came to a positive €144.0 million at 31 March 2019, including the lease liabilities recognized in accordance with IFRS 16.
Net of IFRS 16 application, the normalized net financial position would have been positive for €221.8 million at 31 March 2019 (€228.1 million at year-end 2018), €220.8 million of which relating to the net position with banks (€229.0 million at 31 December 2018).

There was a decrease in the net financial assets with banks of €8.2 million in the first three months of 2019 (an increase of €4.4 million in the first quarter of 2018) with greater absorption of net working capital due to an increase in inventories linked to the different phasing in sales, particularly for comfort, and the termination of the long term incentive plan 2015-2017 as payment was completed in the first quarter of 2019.

Normalized net operating cash flow, which came to negative €12.0 million (positive €18.7 million in the first quarter of 2018), was impacted by the above mentioned trend in earnings and the increase in working capital.

Group results

The reclassified consolidated income statement is summarized as follows:

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

(*) Figures were normalized excluding the impacts of the adoption of IFRS 16 *Leases.*

Revenues

Net revenues amounted to €376.4 million in the first quarter of 2019, a decrease of €26.2 million (-6.5%) with respect to the first quarter of 2018 linked to the market performances, the numerous elements of discontinuity and the different phasing in sales, as well the comparison with a particularly strong first quarter 2018 (above all for comfort).

The first quarter was characterized by a number of elements of discontinuity which impacted the results posted in the period which include, with regard specifically to comfort, the advance sale of portable air conditioners in the United States in the fourth quarter of 2018, the different phasing of the business in a few markets and the comparison with the particularly strong season for heating products recorded in the first three months of 2018.
As for coffee, turnover were affected by a decrease in the sale of single-serve Nespresso machines attributable to both the comparison with first quarter 2018 which benefitted from the launch of the *Lattissima One* model at the end of 2017, as well as the interruption in the sale of Nespresso products, purchased from third parties, to the boutiques. The quarter was also impacted by a decrease in sales of a few specific promotional items and to a few distributers, as well as the sale of DolceGusto brand single-serve machines following the phase out of a few low-margin models.

As per the Group's main product category, coffee machines, the sales performance was positive for the fully automatic and manual machines which also benefitted from the first sales of the high end fully automatic machine, *Maestosa* and the new espresso pump machine, *La Specialista*, launched on a few markets in the first few months of 2019. The good results achieved by coffee in the first three months of 2019 are, moreover, compared with a first quarter 2018 characterized by strong growth (+16.2% compared to the first quarter of 2017, +20.7% in organic terms).

Turnover for cooking products fell due to weak core markets.

Cleaning and irons grew thanks to a strong increase in the sale of Braun brand ironing systems and De'Longhi brand cleaning products.

Markets

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

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

All the geographies were impacted by the weak sales recorded in the quarter of 2019, albeit to different degrees.

Revenues in Europe amounted to €262.2 million, down overall by 2.0% (-€5.3 million) compared to the first quarter of 2018. In the first quarter of 2019 the positive sales trend that emerged in previous reporting periods continued in North East Europe where Russia, Ukraine and Poland more than offset the weak revenues recorded in the Czech Republic and the United Kingdom despite the negative exchange effect. Conversely, the other European markets reported weak sales, with the exception of France where sales were higher. More in detail, the DACH countries were affected by the elements of discontinuity referred to above; in Germany first quarter sales were penalized by a drop in sales to a few distributors, while the performance in Switzerland was affected by the interruption in the sale of Nespresso products, purchased from third parties, to the boutiques and a difficult comparison with first quarter 2018 which benefitted from the launch of the *Lattissima One* model at the end of 2017. Revenues fell in Italy due to a different phasing in the sale of air conditioning products.

In APA revenues amounted to €87.1 million, a decrease of €16.8 million compared to the first quarter of 2018. Sales were down in the United States due to a number of factors; more in detail, with regard to comfort, the negative performance is attributable to the combined effect of the partial advance in the sale of portable air conditioners at year-end 2018 and a mild winter which adversely impacted the sale of heating products. With regard to coffee, the lower revenues posted in the North American market reflect the good results stemming from the sale of *Lattissima One* in first quarter 2018. In Australia and Japan turnover for comfort was penalized by unfavorable weather conditions. The launch of the new coffee machine *La Specialista* had a positive impact in Australia.

MEIA closed the quarter with revenues of €27.2 million, down €4.1 million (-13.1%) against the same period of 2018 due, above all, to the sales performance in Saudi Arabia (which was influenced by political and economic instability) and Turkey which was impacted by weak internal demand, as well as the commercial reorganization carried out in the first few months of 2019.

Profitability

The industrial margin amounted to €181.7 million and went from 49.2% of revenues to 48.3% due mainly to the negative exchange effect on import currencies, increased production costs and a negative price effect, not offset by the positive mix effect. Net of the exchange effect, the industrial margin would have reached 49.5% of revenues, higher than the 49.2% recorded in the first quarter of 2018.

The costs for services and other operating expenses (normalized for the sake of comparison by excluding the impact of IFRS application), along with the non-industrial payroll costs, increased by a total of €5.3 million (+3.7% compared to the first quarter of 2018) due to higher investments in advertising and logistics costs, in addition to a negative exchange effect.
General overhead and promotional costs were higher as a percentage of revenue due to negative leverage.

Normalized EBITDA before non-recurring/stock option costs reached €31.8 million (8.4% of revenues) due to the higher costs referred to above, as well as a negative exchange effect. At constant exchange rates normalized EBITDA before non-recurring costs would have reached €36.2 million (9.7% of revenues) versus €53.9 million (13.4% of revenues) in the first quarter of 2018.

Net of the non-recurring costs and the notional cost of the stock options, normalized EBITDA amounted to €30.4 million (€52.4 million in the first quarter of 2018).

Normalized amortization and depreciation reached €14.0 million, basically in line with the first three months of 2018.

Normalized EBIT amounted to €16.4 million in the first three months of 2019 (€39.3 million in the same period 2018).

Financial expenses were lower, going from the €7.0 million recorded in the first quarter of 2018 to €5.0 million in the first quarter of 2019, thanks primarily to the gains generated by financial and currency management, as well as the positive impact of the equity investments consolidated using the equity method (including the equity investment in Eversys and the TCL Group joint venture).

Profit pertaining to the Group amounted to €11.4 million in the first three months of 2019 (€26.4 million in the same period 2018) with taxes that were impacted by a different and temporary mix of economic results.

Review of the statement of financial position

The reclassified consolidated statement of financial position is presented below:

(€/million)	31.03.2019	31.03.2019 normalized [*]	31.03.2018	31.12.2018
- Intangible assets	317.3	317.3	320.8	316.9
- Property, plant and equipment	316.9	238.9	235.2	237.2
- Financial assets	30.7	30.7	26.2	29.6
- Deferred tax assets	51.3	51.3	33.5	36.1
Non-current assets	**716.1**	**638.1**	**615.7**	**619.8**
- Inventories	488.2	488.2	396.1	404.8
- Trade receivables	244.8	244.8	253.5	429.3
- Trade payables	(337.8)	(337.8)	(315.0)	(419.8)
- Other payables (net of receivables)	(49.6)	(49.2)	(71.1)	(91.8)
Net working capital	**345.5**	**345.9**	**263.5**	**322.5**
Total non-current liabilities and provisions	**(108.0)**	**(108.0)**	**(98.5)**	**(104.4)**
Net capital employed	**953.6**	**876.0**	**780.6**	**837.8**
Net financial assets	**(144.0)**	**(221.8)**	**(261.5)**	**(228.1)**
Total net equity	**1,097.6**	**1,097.9**	**1,042.1**	**1,065.9**
Total net debt and equity	**953.6**	**876.0**	**780.6**	**837.8**

[*] Figures were normalized excluding the impacts of the adoption of IFRS 16 *Leases.*

The change in non-current assets reflects the initial recognition of leased right of use assets for €80.7 million following application of IFRS 16. In the first three months of 2019 normalized capital expenditures were basically in line with the same period 2018 and included the new product development projects capitalized among intangible assets and investments in property, plant and equipment, in particular like the construction of the new headquarters in Treviso.

Normalized net working capital came to €345.9 million at 31 March 2019 (€263.5 million at 31 March 2018) and rose as a percentage of rolling revenues from 13.2% at the end of March 2018 to 16.9%. The performance was affected by the increase in inventory attributable also to the different phasing of sales in a few markets.
Operating liabilities were down due to the termination of the long-term incentive plan 2015-2017 in the first quarter 2019 after payment of the second tranche owed.

The net financial position came to a positive €144.0 million at 31 March 2019, including the lease liabilities for an amount of €77.9 million recognized in accordance with IFRS 16.
The normalized net financial position came to a positive €221.8 million at 31 March 2019, €220.8 million of which relating to the net position with banks, compared to a net financial position of €261.5 million at 31 March 2018, €275.6 million of which relating to the net position with banks (€228.1 million at 31 December 2018, €229.0 million of which relating to the net position with banks).

There was an decrease in the net financial assets with banks of €8.2 million in the first three months of 2019 (an increase of €4.4 million in the first quarter of 2018) with greater absorption of net working capital due to the above mentioned increase in inventories and the drop in operating liabilities.

Details of the net financial position are as follows:

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

(*) Figures were normalized excluding the impacts of the adoption of IFRS 16 *Leases.*

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

(€/million)	31.03.2019 (3 months)	31.03.2018 (3 months)	31.12.2018 (12 months)
Cash flow by current operations	25.6	47.3	289.5
Cash flow by changes in working capital	(24.9)	(13.5)	(111.3)
Cash flow by investment activities	(12.7)	(15.1)	(66.4)
Cash flow by operating activities normalized	**(12.0)**	**18.7**	**111.8**
Lease liabilities IFRS 16	(77.9)	-	-
Cash flow by operating activities	**(89.9)**	**18.7**	**111.8**
Dividends paid	-	-	(149.5)
Cash flow by changes in *Fair value* and *Cash flow hedge* reserves	2.5	(4.3)	5.0
Cash flow by other changes in net equity	3.2	(3.5)	10.3
Cash flow absorbed by changes in net equity	**5.7**	**(7.8)**	**(134.3)**
Cash flow for the period	**(84.2)**	**10.9**	**(22.5)**
Opening net financial position	228.1	250.6	250.6
Closing net financial position	**144.0**	**261.5**	**228.1**

The net operating cash flow, which came to negative €12.0 million (positive €18.7 million in the first quarter of 2018), was impacted by the above mentioned trend in earnings and the increase in working capital.

The statement of comprehensive income and the main changes in net equity with reference to the consolidated figures in the first quarter are shown below:

(€/million)	1st quarter 2019	1st quarter 2018
Profit for the period	**11.4**	**26.4**
Other components of comprehensive income (*)	19.9	(8.6)
Total comprehensive income for the period	**31.3**	**17.8**

(*) The first quarter 2018 includes a negative component of comprehensive income equals to €0.1 million related to *Discontinued operations*.

(€/million)	Net equity
Net equity at 1st January 2018	**1,021.7**
Fair value stock option	1.0
Total comprehensive income for the 1st quarter 2018	17.8
Net equity at 31st March 2018	**1,040.5**
Net equity at 1st January 2019	**1,065.9**
Fair value stock option	0.4
Total comprehensive income for the 1st quarter 2019	31.3
Net equity at 31st March 2019	**1,097.6**

Content of the interim financial report and alternative performance indicators

The income statement figures refer to the period ending on 31st March 2019, with comparatives at 31st March 2018. The statement of financial position figures refer to 31st March 2019, 31st March 2018 and 31st December 2018.
This report includes details of any significant transactions, including those with related parties.
The key performance indicators presented herein are comparable with the reclassified statements presented in the report on operations contained in the half-year and annual financial reports.

The consolidated figures have been prepared using the same consolidation procedures and accounting policies as those described in the annual financial report, to which the reader should refer.
The consolidated financial figures were prepared using the same accounting policies as those used to prepare the consolidated financial statements at 31 December 2018 except for IFRS 16 *Leases*, applicable beginning on or after 1st January 2019.

The figures contained in the present 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.

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:
- Net Industrial Margin 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/stock option costs.
- 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 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 in this report.

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 first quarter although not particularly indicative, was slightly weaker than expected, due to a tough and complex comparison with the previous year, to the unfavourable condition of some segments and markets and to the tail end of a more aggressive commercial strategy adopted in the end of 2018. The management is still confident about an accelerating second part of the year, with a progressively improving growth path in the coming months and a recovery in margins over the next last two quarters.

Treviso, 9 May 2019

For the Board of Directors
Vice Chairman and Chief Executive Officer

Fabio de' Longhi

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Declaration by the Financial Reporting Officer

Pursuant to art. 154-*bis* para. 2 of TUF, Stefano Biella, the Financial Reporting Officer, declares that the accounting information contained in the present interim financial report corresponds to the underlying documentary and accounting records.

Treviso, 9 May 2019

Financial Reporting Officer

Stefano Biella

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

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Registered office: Via L. Seitz, 47 – 31100 Treviso
Share capital: EUR 224,250,000 (subscribed and paid-in)
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Treviso Chamber of Commerce no.: 224758
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