INTERIM FINANCIAL REPORT AT 30 SEPTEMBER 2018

DēLonghi Group

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
LUISA MARIA VIRGINIA COLLINA**	Director
MASSIMILIANO BENEDETTI**	Director

Board of Statutory Auditors

CESARE CONTI	Chairmam
PAOLA MIGNANI	Standing member
PIERA TULA *	Standing member
ALBERTA GERVASIO	Alternate auditor

External Auditors

EY S.P.A. ***

Control, Risks and Corporate Governance Committee

RENATO CORRADA **

SILVIO SARTORI

STEFANIA PETRUCCIOLI**

Remuneration and Appointments Committee

ALBERTO CLÒ **

CARLO GARAVAGLIA

CRISTINA PAGNI **

* The company officers were elected at the shareholders' meeting of 14 April 2016 for the period 2016-2018; the number of the members of the Board of Directors was increased with the appointment by the Shareholders' meeting of 19 April 2018 of Mr. Massimiliano Benedetti who will be in office until the expiry of the Board.
Effective 2 June 2018, Piera Tula has substituted Gianluca Ponzellini as Standing Auditor.
** 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

Results for Continuing Operations(*)

(€/million)	3rd quarter 2018	% revenues	3rd quarter 2017 (**)	% revenues	Change	Change %
Revenues (**)	445.6	100.0%	421.7	100.0%	24.0	5.7%
Revenues at constant exchange rates	*450.3*	*100.0%*	*419.1*	*100.0%*	*31.2*	*7.4%*
Net industrial margin	210.5	47.2%	206.6	49.0%	3.9	1.9%
EBITDA before non-recurring / stock option costs	53.1	11.9%	53.0	12.6%	0.0	0.1%
EBITDA before non-recurring / stock option costs at constant exchange rates	*56.0*	*12.4%*	*50.8*	*12.1%*	*5.1*	*10.1%*
EBIT	35.0	7.9%	35.3	8.4%	(0.3)	(0.9%)
Profit (loss) pertaining to the Group	26.0	5.8%	33.3	7.9%	(7.3)	(21.8%)
Adjusted profit (loss) (***)	26.7	6.0%	31.1	7.4%	(4.4)	(14.0%)

(€/million)	30.09.2018	% revenues	30.09.2017(**)	% revenues	Change	Change %
Revenues (**)	1,300.3	100.0%	1,238.4	100.0%	62.0	5.0%
Revenues at constant exchange rates	*1,345.4*	*100.0%*	*1,234.9*	*100.0%*	*110.5*	*9.0%*
Net industrial margin	617.6	47.5%	607.7	49.1%	9.9	1.6%
EBITDA before non-recurring / stock option costs	162.2	12.5%	159.5	12.9%	2.7	1.7%
EBITDA before non-recurring / stock option costs at constant exchange rates	*165.1*	*12.3%*	*152.6*	*12.4%*	*12.5*	*8.2%*
EBIT	112.9	8.7%	113.2	9.1%	(0.3)	(0.3%)
Profit (loss) pertaining to the Group	82.0	6.3%	90.8	7.3%	(8.8)	(9.7%)
Adjusted profit (loss) (***)	85.8	6.6%	82.4	6.7%	3.4	4.1%

(*) In accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, in light of the industrial partnership agreement, currently being finalized, which called for the sale of the controlling interest of NPE S.r.l., in this report figures of continuing operations refer to the results for the consolidation perimeter excluding NPE S.r.l.
The consolidated results are provided below:

Consolidated results

(€/million)	3rd quarter 2018	% revenues	3rd quarter 2017 (**)	% revenues	Change	Change %
Revenues (**)	454.0	100.0%	431.6	100.0%	22.4	5.2%
EBITDA before non-recurring / stock option costs	53.3	11.7%	53.8	12.5%	(0.4)	(0.8%)
Profit (loss) pertaining to the Group	25.8	5.7%	33.4	7.7%	(7.6)	(22.7%)

(€/million)	30.09.2018	% revenues	30.09.2017(**)	% revenues	Change	Change %
Revenues (**)	1,327.8	100.0%	1,264.7	100.0%	63.1	5.0%
EBITDA before non-recurring / stock option costs	162.9	12.3%	159.1	12.6%	3.8	2.4%
Profit (loss) pertaining to the Group	81.4	6.1%	89.5	7.1%	(8.1)	(9.1%)

(**) For the sake of comparison with other closing, the comparison figures for 2017 (both related to third quarter and nine months) were adjusted with respect to prior financial reports in order to reflect the reclassification of a few commercial components of revenue and operating costs.

(***) It corresponds to the profit pertaining to the Group net of non recurring operating and financial items and the related tax effect.

Statement of financial position

(€/million)	30.09.2018 Consolidated figures	30.09.2018 *Continuing Operations (*)*	30.09.2017 Consolidated figures	30.09.2017 *Continuing Operations (*)*	31.12.2017 Consolidated figures	31.12.2017 *Continuing Operations (*)*
Net working capital	401.2	386.6	352.8	340.4	267.9	257.8
Net capital employed	925.3	904.0	859.9	842.3	788.2	772.7
Net financial assets	32.9	54.5	75.6	94.6	233.5	250.6
of which:						
- Net bank financial position	*37.4*	*59.0*	*89.9*	*108.9*	*254.1*	*271.1*
- Other financial receivables/(payables)	*(4.5)*	*(4.5)*	*(14.3)*	*(14.3)*	*(20.5)*	*(20.5)*
Net equity	958.2	958.5	935.4	936.9	1,021.7	1,023.3
Net working capital/Net revenues	19.3%	19.0%	18.1%	17.7%	13.3%	13.1%

(*) In accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, in light of the industrial partnership agreement, currently being finalized, which called for the sale of the controlling interest of NPE S.r.l., in this report figures of continuing operations refer to the results for the consolidation perimeter excluding NPE S.r.l.

Introduction

This report contains the unaudited consolidated results at 30 September 2018.

The financial results as of September 30th, 2018 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 2017.

In light of the industrial partnership agreement currently being finalized, which calls for the sale of the majority interest in NPE S.r.l., unless indicated otherwise the results commented on in this report refer to continuing operations*,* namely the consolidation perimeter excluding NPE S.r.l.; for the sake of comparison the figures for the third quarter and the nine months of 2017 were redetermined.

Performance review and significant events

In the first nine months of 2018 the De'Longhi Group confirmed the good trend in revenues, albeit in a difficult environment characterized, among other things, by significant volatility in the main currencies and strong pressure in the most important markets.

The positive results recorded in previous reporting periods stabilized in the third quarter which contributed to the nine-month performance overall and helped to maintain good organic revenue growth.

Revenues amounted to €1,300.3 million in nine months 2018, an increase of 5.0% against 30 September 2017 (€1,238.4 million).
In organic terms, growth in revenues would have reached 9.0% in the first nine months of 2018.

The increase in volumes, particularly coffee machines (above all, fully automatic and the internally manufactured Nespresso machines) and comfort, was confirmed as the main growth driver for revenues. The increase in volumes more than offset the drop in sales linked to the adverse exchange effect.

The Group recorded positive sales performances, albeit of varying intensity, in all the commercial areas which were, moreover, impacted by the above mentioned exchange effects.

Revenues in Europe rose 4.8% (+7.4% at constant exchange rates); the Russian market, which includes Russia, Ukraine and other CIS countries, posted double digit growth in revenues, despite the negative exchange effect. A good performance was recorded in Benelux and in the D-A-CH countries, particularly Switzerland where significant growth was reported linked, above all, to the expanded Nespresso's machines business. The growth trend was also confirmed in the main East European countries. The UK market is still weak; sales for kitchen machines were basically in line with the prior year, but down for small appliances.
Revenues increased 6.6% in the APA region (+13.0% at constant exchange rates) thanks mainly to the positive results posted in the United States and Canada by coffee which benefitted from the expansion of the Nespresso's machines line (begun in 2017), and comfort.
The MEIA region, where good growth was posted in the third quarter at both current and constant exchange rates, closed the nine month period with revenues basically in line with the prior year and up 7.8% in organic terms.

As for product families, robust sales were reported by comfort and coffee machines (rising by more than +13.0% overall), mainly fully automatic and the internally manufactured Nespresso products.

The net industrial margin rose €9.9 million (+1.6%) against the first nine months of 2017 (€607.7 million) to €617.6 million and went from 49.1% to 47.5% of revenues due mainly to the negative exchange effect and price repositioning in a few markets.

EBITDA before non-recurring/stock option costs came to €162.2 million (12.5% of revenues), higher than in nine months 2017 (€159.5 million or 12.9% of revenues). The result reflects, on the one hand, the foreign exchange effect and, on the other, the containment of operating costs.
At constant exchange rates EBITDA before non-recurring/stock option costs would have reached €165.1 million in nine months 2018 or 12.3% of revenues (versus €152.6 million or 12.4% of revenues in the same period 2017).

EBIT amounted to €112.9 million in nine months 2018 (€113.2 million in the same period 2017), after amortization and depreciation of €44.2 million.

Financial expenses decreased by €4.9 million against the comparison period in nine months 2018 due primarily to gains on financial and currency management.

The "Net non-recurring financial income" posted in nine months 2017 included the gain recorded linked to the change in the fair value of the earn-out payable as a result of the Braun Household acquisition, net of the costs associated primarily with the termination of the prior USPP.

Profit pertaining to the Group amounted to €82.0 million in the first nine months of 2018 (€90.8 million in the same period of 2017) after tax, of €16.9 million, which was positively impacted by the patent box incentives; discontinued operations closed the period with a loss of €0.6 million.

Net of the non-recurring items (operating, financial and the related tax effect) the nine-month net profit would have reached €85.8 million, showing an increase of €3.4 million compared to the adjusted profit posted in nine months 2017 (€82.4 million).

Net working capital came to €386.6 million (19.0% of revenues) at 30 September 2018, higher than at 30 September (€340.4 million or 17.7% of revenues) as both a percentage of revenue and in absolute terms. The change is attributable primarily to higher inventories in light of the increase in sales expected to materialize in the last quarter of the year; trend in receivables and payables was substantially in line with the organic growth of the business.

The net financial position came to a positive €54.5 million at 30 September 2018 (versus €94.6 million at 30 September 2017, €250.6 million at 31 December 2017), €59.0 million of which relating to the net position with banks (€108.9 million at 30 September 2017, €271.1 million at 31 December 2017). The change in the net position with banks over the twelve-month period reflects non-recurring items (non-recurring cash-outs, payment of higher dividends, the exchange effect and the factoring of receivables), net of which the difference would have reached €96.0 million, largely in line with the previous twelve months (€91.8 million).

Group results

The reclassified consolidated income statement is summarized as follows:

(€/million)	30.09.2018	% revenues	30.09.2017	% revenues
CONTINUING OPERATIONS				
Revenues	**1,300.3**	**100.0%**	**1,238.4**	**100.0%**
Change	*62.0*	*5.0%*		
Materials consumed & other production costs (production services and payroll costs)	(682.8)	(52.5%)	(630.7)	(50.9%)
Net industrial margin	**617.6**	**47.5%**	**607.7**	**49.1%**
Services and other operating expenses	(323.1)	(24.8%)	(316.1)	(25.5%)
Payroll (non-production)	(132.3)	(10.2%)	(132.1)	(10.7%)
EBITDA before non-recurring / stock option costs	**162.2**	**12.5%**	**159.5**	**12.9%**
Change	*2.7*	*1.7%*		
Other non-recurring expenses / stock option costs	(5.0)	(0.4%)	(4.3)	(0.3%)
EBITDA	**157.1**	**12.1%**	**155.2**	**12.5%**
Amortization	(44.2)	(3.4%)	(42.0)	(3.4%)
EBIT	**112.9**	**8.7%**	**113.2**	**9.1%**
Change	*(0.3)*	*(0.3%)*		
Financial income (expenses)	(14.0)	(1.1%)	(19.0)	(1.5%)
Net non-recurring financial income (expenses)	-	-	15.3	1.2%
Profit (loss) before taxes	**98.9**	**7.6%**	**109.5**	**8.8%**
Income taxes	(16.9)	(1.3%)	(18.7)	(1.5%)
Net profit of *continuing operations*	**82.0**	**6.3%**	**90.8**	**7.3%**
DISCONTINUED OPERATIONS				
Net profit / (loss) of *discontinued operations*	(0.6)		(1.2)	
Profit (loss) pertaining to the Group	**81.4**	**6.1%**	**89.5**	**7.1%**

Net revenues amounted to €1,300.3 million in the first nine months of 2018, an increase of €62.0 million (+5.0%) with respect to the same period 2017 (€1,238.4 million).
The growth was slowed by the strengthening of the Euro against some of the main currencies, primarily the US dollar and the Ruble. In organic terms sales growth would have reached 9.0%.
The increase in volumes, particularly for coffee products (above all, fully automatic and the internally manufactured Nespresso machines) and comfort, was the main growth driver for revenues which offset the price repositioning of a few products.

In addition to the above mentioned exchange effect, the net industrial margin, which amounted to €617.6 million versus €607.7 million in nine months 2017, was impacted by a negative price effect.

The costs for services and other operating expenses, which were €7.0 million (+2.2%) higher, benefitted from the positive impact of exchange differences on costs denominated in currencies other than the Euro; net of the above mentioned exchange effect, these costs would have, however, been lower than the increase in business.

EBITDA before non-recurring/stock option costs amounted to €162.2 million (12.5% of revenues) in the first nine months of 2018, showing an increase of €2.7 million (+1.7%) against the same period 2017 explained by the effect of, on the one hand, the negative foreign exchange effect and, on the other, effective containment of operating costs.
At constant exchange rates EBITDA before non-recurring/stock option costs would have reached €165.1 million or 12.3% of revenues (versus €152.6 million or 12.4% of revenues in the same period 2017).

EBITDA after non-recurring costs connected to the stock option plan and commercial restructuring underway amounted to €157.1 million (€155.2 million in nine months 2017).

Depreciation and amortization amounted to €44.2 million in nine months 2018, higher than in the same period as a result of the investments made in production which are gradually beginning to run at capacity and the write-downs of a few assets.

EBIT came to €112.9 million, basically in line with the first nine months of 2018 (€113.2 million).

Financial expenses decreased by €4.9 million against the comparison period in nine months 2018 due primarily to income from financial and currency management.
The "Net non-recurring financial income" posted in nine months 2017 included the gain recorded linked to the change in the fair value of the earn-out payable as a result of the Braun Household acquisition, net of the costs associated primarily with the termination of the prior USPP.

Tax amounted to €16.9 million in the period which reflects the positive impact of the patent box incentives (tax incentives on income from patents, trademarks and inventions as per the agreement signed with the tax authorities for the period 2015-2019).

The profit pertaining to the Group amounted to €82.0 million in the first nine months of 2018 (€90.8 million in the same period of 2017); discontinued operations closed the period with a loss of €0.6 million.

Net of the non-recurring items (operating, financial and the related tax effect) the nine-month net profit would have reached €85.8 million, showing an increase of €3.4 million compared to the adjusted profit posted in nine months 2017 (€82.4 million).

Performance by market and product line

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

(€/million)	30.09.2018	%	30.09.2017	%	Change	Change %	Change % at constant exchange rates
South West Europe	520.6	40.0%	508.0	41.0%	12.6	2.5%	3.4%
North East Europe	327.2	25.2%	300.7	24.3%	26.5	8.8%	14.3%
EUROPE	**847.8**	**65.2%**	**808.7**	**65.3%**	**39.1**	**4.8%**	**7.4%**
APA *(Asia / Pacific / Americas)*	**357.9**	**27.5%**	**335.8**	**27.1%**	**22.1**	**6.6%**	**13.0%**
MEIA *(Middle East / India / Africa)*	**94.6**	**7.3%**	**93.8**	**7.6%**	**0.8**	**0.8%**	**7.8%**
Total revenues	**1,300.3**	**100.0%**	**1,238.4**	**100.0%**	**62.0**	**5.0%**	**9.0%**

Good organic growth in revenues (+9.0%) was possible thanks to the positive contribution of all the commercial areas which recorded an increase in revenues.

Revenues in Europe amounted to €847.8 million, an increase of 4.8% against nine months 2017 at current exchange rates (+7.4% at constant exchange rates). Double digit growth in revenues was posted in Russia, despite the negative exchange effect, thanks to the sale of fully automatic coffee machines, kitchen machines and Braun brand irons. A good performance was recorded in Benelux and in the D-A-CH countries, particularly Switzerland where organic growth of more than 20% was reported driven, above all, by the expanded Nespresso’s machines business. The growth trend was also confirmed in the other East European countries. The UK market is still weak; sales for kitchen machines were basically in line with nine months 2017, but down for small appliances.

Growth of 13.0% in revenues was recorded in the APA region at constant exchange rates, which falls to 6.6% after the negative exchange effect. Sales performed well in the United States/Canada thanks, above all, to the coffee segment and comfort. A solid increase in the sale of fully automatic coffee machines and heating products was reported in Japan.

In the MEIA region positive signals were recorded in the third quarter and sales rose by around 13% at both current and constant exchange rates. The nine-month period was impacted by the adverse exchange effect which basically eroded the growth which would have reached 7.8% at constant exchange rates.

As for product families, the coffee segment, which is gradually increasing as a percentage of total revenues (from 42% in September 2017 to 45%), was confirmed as the growth driver. Sales for fully automatic and the internally manufactured Nespresso products were good in the nine-month period and benefitted from an expanded product range thanks to the introduction of, respectively, the new Primadonna S EVO/Primadonna Class and Lattissima One models. The effects of the interruption in the distribution of the single serve DolceGusto coffee machines were more than offset by the good performance of other product families.

Comfort, which was impacted by the negative exchange effect, closed the nine-month period with higher revenues; the trend for heating products was positive thanks to both a particularly cold winter in the first part of 2018, especially in the United States, and a good start to the season in Japan in the wake of the good results posted at the end of the 2017/2018 season. Results for portable air conditioners were good, above all in the United States.

Sales for food preparation machines were down as a result primarily of the negative exchange effect and were basically in line with nine months 2017 at constant exchange rates. Sales were up at constant exchange rates for kitchen machines and food processors, as well as handblenders, deep fryers and Multifry.

Review of the statement of financial position

The reclassified consolidated statement of financial position with reference to the continuing operations only is presented below:

(€/million)	30.09.2018	30.09.2017	31.12.2017	Change 30.09.18 – 30.09.17	Change 30.09.18 – 31.12.17
- Intangible assets	319.2	322.2	320.9	(3.0)	(1.7)
- Property, plant and equipment	233.5	223.6	233.1	9.9	0.4
- Financial assets	27.1	27.1	26.1	0.0	1.0
- Deferred tax assets	42.7	45.1	32.3	(2.4)	10.3
Non-current assets	**622.4**	**618.0**	**612.4**	**4.5**	**10.0**
- Inventories	519.4	454.7	329.7	64.8	189.7
- Trade receivables	285.0	256.6	401.5	28.5	(116.5)
- Trade payables	(346.5)	(317.2)	(366.1)	(29.3)	19.6
- Other payables (net of receivables)	(71.4)	(53.7)	(107.4)	(17.7)	36.0
Net working capital	**386.6**	**340.4**	**257.8**	**46.3**	**128.9**
Total non-current liabilities and provisions	**(105.1)**	**(116.0)**	**(97.5)**	**10.9**	**(7.6)**
Net capital employed	**904.0**	**842.3**	**772.7**	**61.6**	**131.2**
Net financial assets	**(54.5)**	**(94.6)**	**(250.6)**	**40.1**	**196.1**
Total net equity	**958.5**	**936.9**	**1,023.3**	**21.6**	**(64.9)**
Total net debt and equity	**904.0**	**842.3**	**772.7**	**61.6**	**131.2**

Investments amounted to €44.6 million in the nine month period and relate primarily to the purchase of systems and moulds at the Group's plants, completion of the Romanian plant expansion and beginning of the construction of the new Treviso headquarters.

Net working capital came to €386.6 million at 30 September 2018 (€340.4 million at 30 September 2017) and 19.0% of rolling revenues (17.7% at the end of September 2017). The change is attributable to higher inventories linked to early procurement and production in preparation for the fourth quarter sales; trend in receivables and payables was substantially in line with the organic growth of the business.

The net financial position came to a positive €54.5 million at 30 September 2018 (versus €94.6 million at 30 September 2017, €250.6 million at 31 December 2017), €59.0 million of which relating to the net position with banks (€108.9 million at 30 September 2017, €271.1 million at 31 December 2017). The change in the net position with banks over the twelve-month period reflects non-recurring items (non-recurring cash-outs, payment of higher dividends, the exchange effect and the factoring of receivables), net of which the difference would have reached €96.0 million, largely in line with the previous twelve months (€91.8 million).

Details of the net financial position are as follows:

(€/million)	30.09.2018	30.09.2017	31.12.2017	Change 30.09.18 – 30.09.17	Change 30.09.18 – 31.12.17
Cash and cash equivalents	400.3	488.7	664.7	(88.4)	(264.4)
Other financial receivables	49.1	29.5	8.3	19.6	40.8
Current financial debt	(132.9)	(114.5)	(138.3)	(18.5)	5.4
Net current financial position	**316.5**	**403.7**	**534.7**	**(87.3)**	**(218.2)**
Non-current financial debt	**(262.0)**	**(309.1)**	**(284.1)**	**47.2**	**22.1**
Total net financial position	**54.5**	**94.6**	**250.6**	**(40.1)**	**(196.1)**
of which:					
- Positions with banks and other financial payables	*59.0*	*108.9*	*271.1*	*(49.9)*	*(212.1)*
- Financial assets/(liabilities) other than bank debt (fair value of derivatives, financial debt connected to business combinations and pension fund)	*(4.5)*	*(14.3)*	*(20.5)*	*9.8*	*16.0*

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

(€/million)	30.09.2018 (9 months)	30.09.2017 (9 months)	31.12.2017 (12 months)
Cash flow by current operations	148.2	149.3	277.6
Cash flow by changes in working capital	(160.9)	(117.3)	(67.5)
Cash flow by investment activities	(44.6)	(103.5)	(122.7)
Cash flow by operating activities	**(57.4)**	**(71.5)**	**87.4**
Dividends paid	(149.5)	(119.6)	(119.6)
Cash flow by changes in *Fair value* and *Cash flow hedge* reserves	3.3	(14.9)	(14.5)
Cash flow by other changes in net equity	7.5	(15.7)	(19.0)
Cash flow absorbed by changes in net equity	**(138.7)**	**(150.2)**	**(153.0)**
Cash flow for the period	**(196.1)**	**(221.6)**	**(65.6)**
Opening net financial position	250.6	316.2	316.2
Closing net financial position	**54.5**	**94.6**	**250.6**

Net operating cash flow, which was negative for €57.4 million in nine months 2018 (negative for €71.5 million in nine months 2017), was impacted by the increase in net working capital described above, as well as the difference in the non-recurring investments made in the first nine months of 2017.
Historically, the cash flow by operating activities of the first nine months of the year is negative due to the high level of stock in light of the sales expected to be performed in the last quarter of the year.
Despite the payment of dividends which were considerably higher, cash flow came to a negative €196.1 million versus a negative €221.6 million in the comparison period, thanks to the positive effects of the other balance sheet items.

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

(€/million)	30.09.2018	30.09.2017
Profit (loss) for the period	**81.4**	**89.5**
Other components of comprehensive income of continuing operations	1.5	(46.1)
Other components of comprehensive income of discontinued operations	0.2	-
Total other components of comprehensive income	**1.7**	**(46.1)**
Total comprehensive income for the period	**83.1**	**43.5**

(€/million)	Group portion of net equity	Minority interests in net equity	Total net equity
Net equity at January 1st 2017	**1,010.6**	**3.4**	**1,014.0**
Distribution of dividends	(119.6)	-	(119.6)
Fair value stock option	2.8	-	2.8
Other changes in minority interests	(1.8)	(3.4)	(5.2)
Total comprehensive income for the nine months 2017	43.5	-	43.5
Net equity at September 30th 2017	**935.4**	**-**	**935.4**
Net equity at January 1st 2018	**1,021.7**	**-**	**1,021.7**
Distribution of dividends	(149.5)	-	(149.5)
Fair value stock option	2.9	-	2.9
Total comprehensive income for the nine months 2018	83.1	-	83.1
Net equity at September 30th 2018	**958.2**	**-**	**958.2**

Content of the interim financial report and alternative performance indicators

The income statement figures refer to the nine months period ending on September 30th 2018, with comparatives at September 30th 2017. The statement of financial position figures refer to September 30th 2018, September 30th 2017 and December 31st 2017.
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 2017 except for IFRS 15 *Revenue from contracts with customers* and IFRS 9 *Financial instruments*, applicable beginning on or after January 1st 2018.
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 January 20th 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

In light of the nine-month results and the first signs provided by the fourth quarter, which show a continuity in the trend of organic growth, the Group's management is confident to be able to achieve for the current year an organic growth in revenues and a value of the Ebitda in line with expectations.

Treviso, November 8th 2018

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, November 8th 2018

Financial Reporting Officer

Stefano Biella

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

De'Longhi S.p.A.
Registered office: Via L. Seitz, 47 – 31100 Treviso
Share capital: EUR 224,250,000 (subscribed and paid-in)
Tax ID and Company Register no.: 11570840154
Treviso Chamber of Commerce no.: 224758
VAT no.: 03162730265