DēLonghi Group

Interim financial report at 30 September 2015

DēLonghi KENWOOD BRAUN Ariete

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

Consolidated result for the quarter

(€/million)	3rd quarter 2015	% revenues	3rd quarter 2014	% revenues	Change	% Change
Revenues	424.3	100.0%	386.8	100.0%	37.5	9.7%
Revenues at costant currency change (*)	*420.3*		*386.8*		*33.5*	*8.7%*
Net industrial margin	202.8	47.8%	182.9	47.3%	19.9	10.9%
EBITDA	54.6	12.9%	49.4	12.8%	5.2	10.5%
EBITDA at costant currency change (*)	*73.8*	*17.6%*	*49.4*	*12.8%*	*24.4*	*49.4%*
EBIT	41.4	9.8%	38.0	9.8%	3.4	9.0%
Profit (loss) pertaining to the Group	25.0	5.9%	21.2	5.5%	3.8	18.0%

Year-to-date income statement (9 months)

(€/million)	30.09.2015	% revenues	30.09.2014	% revenues	Change	% Change
Revenues	1,214.8	100.0%	1,086.9	100.0%	128.0	11.8%
Revenues at costant currency change (*)	*1,176.0*		*1,086.9*		*89.1*	*8.2%*
Net industrial margin	572.2	47.1%	510.4	47.0%	61.8	12.1%
EBITDA	149.9	12.3%	136.6	12.6%	13.3	9.7%
EBITDA at costant currency change (*)	*192.2*	*16.3%*	*136.6*	*12.6%*	*55.6*	*40.7%*
EBIT	111.8	9.2%	103.2	9.5%	8.6	8.3%
Profit (loss) pertaining to the Group	62.5	5.1%	54.2	5.0%	8.2	15.2%

(*) 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)	**30.09.2015**	**30.09.2014**	**31.12.2014**
Net working capital	279.5	329.1	236.2
Net operating working capital	333.3	365.2	301.4
Net capital employed	759.1	800.4	697.2
Net debt /(Net financial assets)	(64.3)	97.4	(89.0)
of which:			
- Net bank debt/(Net bank assets)	*(89.8)*	*57.5*	*(113.2)*
- Other financing payables/(assets)	*25.5*	*39.9*	*24.2*
Net equity	823.4	703.0	786.1
Net working capital /Net revenues	15.1%	19.6%	13.7%
Net operating working capital / Net revenues	18.0%	21.8%	17.5%

Content of interim financial report

The present document reporting the unaudited consolidated results at 30 September 2015 constitutes the interim financial report required by art. 154-ter of Decree 58/98 (known as "Testo Unico della Finanza" or "TUF").
The income statement figures refer to the period ending on 30 September 2015, with comparatives at 30 September 2014. The statement of financial position figures refer to 30 September 2015, 30 September 2014 and 31 December 2014.
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 2014.

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.

Performance review and significant events

Currency volatility continued in the third quarter of 2015 and penalized the Group's results more than in the first half of the year; there was a reduction of the positive impact of the export currencies on revenues, as a result, also, of the further strengthening of the Euro against the Ruble, and the negative impact of the import currencies continued.

Currency fluctuations, therefore, impacted revenues and operating margins in different ways; the strengthening of a few export currencies (namely the USD, GBP, 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 that was only partially offset by hedging.

Despite this difficult and complex environment, in third quarter 2015 the Group posted revenues of €424.3 million (+9.7% against third quarter 2014) thanks to a contained positive exchange effect but, above all, to higher volumes and price increases in a few reference markets. Growth at constant exchange rates, namely net of exchange differences and currency hedging, reached +8.7% or €33.5 million.
In the first nine months of the year revenues reached €1,214.8 million (an increase of €128.0 million or +11.8% against the first nine months of the 2014); growth at constant exchange rates and excluding the effect of the hedging reached +8.2% or €89.1 million.

Effective working capital management and positive cash flow generation in the twelve months helped to improve the net financial position which came to a positive €64.3 million at 30 September 2015.

In terms of markets, growth was recorded in all the regions where the Group is commercially active with Europe leading the way where revenues were up by 9.2% (+ €67.3 million), thanks to the contribution of both areas: the North East increased 3.8% 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 (supported also by the strengthening of the Sterling); revenues in the South West rose by 12.6% 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 (+ €52.9 million or +21.9%), above all in Australia, the United States, Central/South America and China, thanks also to the positive exchange effect.
The MEIA region was penalized by an unfavorable political-economic environment in different markets as a result of local tensions; the strengthening of the dollar against the Euro, however, helped to boost revenues which were up by 6.6% (€7.8 million) against the first nine months of 2014.

The breakdown of revenues by product line shows that growth was driven by coffee machines, primarily the machines manufactured internally (fully automatic and manual machines, Nespresso *Lattissima* and DolceGusto *Jovia*); food preparation and cooking machines also performed well due, above all, to the sale of fryers (thanks to the launch of the new *Multifry* line) and small appliances.
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.
The Braun products posted double digit growth in sales (thanks to the launch of new ironing systems), despite the unstable political conditions and the negative exchange effect reported in a few reference countries (Russia, Ukraine and a few MEIA region countries).

As for margins, the net industrial margin came to €572.2 million (€510.4 million in the first nine months 2014), largely unchanged as a percentage of revenues (47.1% versus 47.0%); the positive volume and mix effect, the price increases and the steps taken to limit operating costs were partially offset by the exchange effect which had an estimated negative impact on the industrial margin of some €29.1 million in the nine months period. At constant exchange rates, the net industrial margin for the nine months period rose from 47.0% to 51.1% as a percentage of revenues.

EBITDA rose from €136.6 million to €149.9 million in the first nine months of the year, falling as a percentage of revenues from 12.6% to 12.3%. Other operating costs and general expenses rose, in fact, as a percentage of revenues from 34.4% to 34.8% due, above all, to the negative exchange effect, the provisions made for bad debt in a few markets characterized by political risk, as well as a different breakdown of transportation costs (previously recognized under production costs).
Net of the adverse exchange effect and derivatives, at constant exchange rates EBITDA reached €192.2 million (16.3% as a percentage of revenues), an increase of €55.6 million against the first nine months of 2014 (+40.7%).

EBIT amounted to €111.8 million in the first nine months of 2015 (versus €103.2 million in the first nine months of 2014), after amortization and depreciation of €38.1 million, an increase with respect to the same period 2014 as a result of the recent investments made in production (in China and Romania). As a percentage of revenues, EBIT reached 9.2% (9.5% in the first nine months of 2014).

In the first nine months of 2015 financial expenses dropped €2.4 million against the first nine months of 2014 to €27.2 million due to the improved net financial position and more efficient factoring (as a result of the renewal completed in the year), which more than offset the increase linked to the organic growth of revenues.

Profit pertaining to the Group amounted to €62.5 million in the first nine months of 2015 (€54.2 million in the same period 2014).

With regard to the Group's financial performance and structure, of note is the solid cash flow generation. The net financial position came to a positive €64.3 million (versus net debt of €97.4 million at 30 September 2014) with the net position with banks reaching a positive €89.9 million (versus a negative balance of €57.5 million at 30 September 2014).
The cash flow reflects, in addition to the operating results, a positive exchange effect and effective management of working capital which fell as percentage of revenues from the 19.6% posted at 30 September 2014 to 15.1% at 30 September 2015.

Performance by market and product line

The following table summarizes sales performance in the Group's various business regions (Europe, APA, and MEIA):

(€/Million)	30.09.2015	%	30.09.2014	%	Change	% Change
South West Europe	507.9	41.8%	451.1	41.5%	56.8	12.6%
North East Europe	286.5	23.6%	276.1	25.4%	10.5	3.8%
EUROPE	**794.4**	**65.4%**	**727.1**	**66.9%**	**67.3**	**9.2%**
APA (Asia / Pacific / Americas)	**294.9**	**24.3%**	**242.0**	**22.3%**	**52.9**	**21.9%**
MEIA (Middle East / India / Africa)	**125.5**	**10.3%**	**117.8**	**10.8%**	**7.8**	**6.6%**
Total revenues	**1,214.8**	**100.0%**	**1,086.9**	**100.0%**	**128.0**	**11.8%**

In terms of markets, growth was recorded in all the regions where the Group is commercially active: Europe was up (by €67.3 million, +9.2% against the first nine months of 2014) thanks to the contribution of both the South West (where growth of €56.8 million or +12.6% was recorded) and the North East (+ €10.5 million or +3.8%).

In the South West good results were posted, above all, in Italy, (coffee and kitchen machines performed well thanks also to a few important promotions), Germany (thanks to good growth in coffee and Braun brand ironing systems), Switzerland and Austria.
In the North East good results were recorded in Poland, the Czech Republic/Hungary and the United Kingdom (supported also by the strengthening of the Sterling). In Russia and Ukraine organic growth was more than offset by the negative exchange effect.

Very positive overall results were posted in the APA region (+ €52.9 million or +21.9%) thanks to the growth posted in the main markets, supported by the positive exchange effect and organic growth, above all, in the United States, Canada and Brazil (where coffee and comfort performed particularly well), as well as in Australia and South Korea.

An overall increase was recorded in the MEIA region (+ €7.8 million or +6.6% against the first nine months of 2014) despite geo-political tensions in a few countries, thanks to the positive exchange effect.

The breakdown of revenues by product line shows double-digit growth in the sale of coffee, primarily of machines manufactured internally (fully automatic, Nespresso *Lattissima*, Dolcegusto *Jovia* and traditional espresso machines); food preparation and cooking machines also performed well due, above all, to the launch of the new Multifry line and small appliances.
Revenues in the first nine months were also boosted by the sale of portable air conditioners in, above all, the United States, Brazil and Italy which also benefitted from favorable weather conditions in 2015; lastly, the contribution of irons was also solid including thanks to the launch of the new Braun brand ironing systems.

Group results

The reclassified consolidated income statement is summarized as follows:

(€/million)	30.09.2015	% revenues	30.09.2014	% revenues
Revenues	**1,214.8**	**100.0%**	**1,086.9**	**100.0%**
Change	*128.0*	*11.8%*		
Materials consumed & other production costs (production services and payroll costs)	(642.6)	(52.9%)	(576.5)	(53.0%)
Net industrial margin	**572.2**	**47.1%**	**510.4**	**47.0%**
Services and other operating expenses	(301.0)	(24.8%)	(263.7)	(24.3%)
Payroll (non-production)	(121.3)	(10.0%)	(110.1)	(10.1%)
EBITDA	**149.9**	**12.3%**	**136.6**	**12.6%**
Change	*13.3*	*9.7%*		
Amortization and depreciation	(38.1)	(3.1%)	(33.4)	(3.1%)
EBIT	**111.8**	**9.2%**	**103.2**	**9.5%**
Change	*8.6*	*8.3%*		
Financial income (expenses)	(27.2)	(2.2%)	(29.6)	(2.7%)
Profit (loss) before taxes	**84.6**	**7.0%**	**73.6**	**6.8%**
Income taxes	(21.9)	(1.8%)	(18.9)	(1.7%)
Profit (loss) after taxes	**62.6**	**5.2%**	**54.7**	**5.0%**
Profit (loss) pertaining to minority interests	0.2	0.0%	0.5	0.0%
Profit (loss) pertaining to the Group	**62.5**	**5.1%**	**54.2**	**5.0%**

Net revenues amounted to €424.3 million in third quarter 2015, an increase of 9.7% against third quarter 2014. This growth brought net revenues for the first nine months of 2015 to €1,214.8 million (+€128.0 million or +11.8% with respect to the first nine months of 2014) thanks to the positive exchange effect, organic growth, better mix and price hikes (implemented to offset the increase in USD/CNY denominated purchasing costs).
The exchange effect on revenues was positive overall insofar as the negative impact of Russia and the Ukraine was more than offset by the positive trend of a few export currencies (with the positive effect dissipating in the third quarter due mainly to the strengthening of the Euro against the Russian ruble in the past few months).

At constant exchange rates, namely net of exchange differences and currency hedging, growth would have reached +8.7% or approximately €33.5 million in the third quarter and 8.2% or €89.1 million in the first nine months of the year.

The Group closed the first nine months of 2015 with an EBITDA before non-recurring items of €149.9 million (versus €136.6 million in the same period 2014) which went from the 12.6% of revenues posted in 2014 to 12.3% in 2015. The comparison of this result with the first nine months of 2014 reflects the negative exchange effect: at constant exchange rates EBITDA before non-recurring items would have reached €192.2 million, a noticeable increase against the first nine months of 2014 both in absolute terms (+ €55.6 million) and as a percentage of revenues (which rose from 12.6% to 16.3%).

The trend in EBITDA is explained, on the one hand, by the stable industrial margin (basically unchanged as a percentage of sales) and on the other, by an increase in operating costs and general expenses which were impacted by the negative exchange effect.
As for the industrial margin, thanks to its competitive positioning in the high end and the commercial strategies implemented, the Group succeeded in defending profitability offsetting the above increase in production costs linked to exchange differences through increased volumes and price hikes in a few markets.
"Costs for services and operating expenses" rose as a percentage of revenues from 24.3% to 24.8% due, primarily, to the exchange effect (increase in the general expenses incurred at a few branches), the provisions made for bad debt in a few markets, as well as a different classification of transportation costs.

EBIT amounted to €111.8 million in the first nine months of 2015 (€103.2 million in the same period 2014), dropping as a percentage of revenues from 9.5% to 9.2%, after amortization and depreciation of €38.1 million (a noticeable increase with respect to 2014 as a result of the recent investments made in production).

Net financial expenses at 30 September 2015 dropped €2.4 million from €29.6 million to €27.2 million as a result of the improved net financial position and the decrease in factoring costs, which more than offset the increase in discounting.

Profit pertaining to the Group amounted to €62.5 million in the first nine months of 2015 (€54.2 million in the same period 2014).

Review of the statement of financial position

The reclassified consolidated statement of financial position is summarized below:

(€/million)	30.09.2015	30.09.2014	31.12.2014	Change 30.09.15 – 30.09.14	Change 30.09.15 – 31.12.14
- Intangible assets	324.2	326.3	325.1	(2.1)	(0.9)
- Property, plant and equipment	197.5	185.8	191.1	11.7	6.3
- Financial assets	8.4	7.8	7.7	0.7	0.7
- Deferred tax assets	52.9	48.6	42.5	4.4	10.4
Non-current assets	**583.0**	**568.4**	**566.5**	**14.6**	**16.5**
- Inventories	438.2	427.3	317.8	10.9	120.4
- Trade receivables	255.8	282.4	366.2	(26.5)	(110.3)
- Trade payables	(360.8)	(344.4)	(382.5)	(16.3)	21.8
- Other payables (net of receivables)	(53.8)	(36.2)	(65.2)	(17.6)	11.4
Net working capital	**279.5**	**329.1**	**236.2**	**(49.5)**	**43.3**
- Deferred tax liabilities	(22.5)	(17.5)	(20.2)	(5.0)	(2.3)
- Employee benefits	(36.7)	(32.9)	(39.3)	(3.8)	2.6
- Other provisions	(44.2)	(46.6)	(46.0)	2.4	1.8
Total non-current liabilities and provisions	**(103.5)**	**(97.0)**	**(105.5)**	**(6.5)**	**2.0**
Net capital employed	**759.1**	**800.4**	**697.2**	**(41.3)**	**61.9**
Net debt/(Net financial assets)	**(64.3)**	**97.4**	**(89.0)**	**(161.7)**	**24.7**
Total net equity	**823.4**	**703.0**	**786.1**	**120.4**	**37.3**
Total net debt and equity	**759.1**	**800.4**	**697.2**	**(41.3)**	**61.9**

Capital expenditures amounted to €38.7 million in the first nine months of 2015 (€41.6 million in the first nine months of 2014), including the €8.6 million used to increase production relating to the second wave of investments in the Group's main Chinese plant and the startup of production at the Romanian plant (€18.7 million in the first nine months of 2014).

The net working capital fell against 30 September 2014 in both absolute terms (-€49.5 million), despite the growth recorded in the last 12 months, and in terms of the turnover ratio (falling from the 19.6% recorded at the end of September 2014 to 15.1% in September 2015).
The change in trade receivables with respect to the comparison period reflects the positive exchange effect, a rise in factoring as a result of increased business and a different classification of a few items previously grouped with suppliers at 30 September 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.
Inventory was also down with respect to 2014 (in terms of the turnover ratio) thanks to the continuous steps taken to contain inventory in the main markets.

Details of the net financial position follow:

(€/million)	30.09.2015	30.09.2014	31.12.2014	Change 30.09.15 – 30.09.14	Change 30.09.15 – 31.12.14
Cash and cash equivalents	211.9	111.3	388.5	100.6	(176.6)
Other financial receivables	13.6	11.1	55.2	2.6	(41.6)
Current financial debt	(51.4)	(93.0)	(232.0)	41.5	180.6
Net current financial position	**174.2**	**29.5**	**211.8**	**144.7**	**(37.6)**
Non-current financial debt	**(109.8)**	**(126.8)**	**(122.8)**	**17.0**	**13.0**
Total net financial position/ (net debt)	**64.3**	**(97.4)**	**89.0**	**161.7**	**(24.7)**
Of which:					
- positions with banks and other financial payables	*89.8*	*(57.5)*	*113.2*	*147.3*	*(23.3)*
- financial liabilities other than bank debt (residual payable to P&G related to the Braun acquisition, fair value of derivatives and options, financial debt linked to the English subsidiary's pension fund transaction)	*(25.5)*	*(39.9)*	*(24.2)*	*14.4*	*(1.3)*

The Group's net financial position reached a positive €64.3 million at 30 September 2015; this figure includes €25.5 million in financial liabilities other than bank debt: the fair value of derivatives and call options on minority interests and other net liabilities relating to the potential earn-out payable to Procter & Gamble, as well as the financial liability stemming from the transfer of pension fund liabilities to third parties.

The net financial position with banks and other financial payables, namely net of the financial liabilities other than bank debt, reached a positive €89.8 million al 30 September 2015 (compared to a positive €113.2 million at 31 December 2014 and net debt of €57.5 million at 30 September 2014).
A negative difference of €23.3 million (compared to a negative €98.4 million in the same period 2014) was recorded in the first nine months of the year, a period typically characterized by cash absorption, due to a decrease in factoring with respect to year-end, as well as the payment of dividends, despite the positive exchange effect of €25.8 million (linked to the revaluation of cash and cash equivalents held by a few foreign companies).
The twelve month comparison of the net financial position with banks at 30 September 2014 shows significant overall improvement of €147.3 million thanks to the positive exchange effect (estimated at around €37.6 million).

As for structure, the net current financial position amounted to €174.2 million at 30 September 2015 (€29.5 million at 30 September 2014).

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

(€/million)	**30.09.2015 (9 months)**	**30.09.2014 (9 months)**	**31.12.2014 (12 months)**
Cash flow by current operations	114.1	103.4	215.3
Cash flow by changes in working capital	(62.3)	(113.0)	(46.7)
Cash flow by investment activities	(38.7)	(41.6)	(60.8)
Cash flow by operating activities	**13.1**	**(51.2)**	**107.8**
Dividends paid	(61.3)	(59.8)	(59.8)
Cash flow by changes in fair value and cash flow hedge reserves	(2.3)	4.2	19.4
Cash flow by changes in currency translation reserve	25.8	18.3	30.1
Cash flow by other changes in net equity	(0.1)	0.2	0.5
Cash flow by changes in net equity	**(37.8)**	**(37.2)**	**(9.8)**
Cash flow for the period	**(24.7)**	**(88.4)**	**98.0**
Opening net financial position	89.0	(9.0)	(9.0)
Closing net financial position/(Net debt)	**64.3**	**(97.4)**	**89.0**

Total cash flow for the period reached a negative €24.7 million in 2015 (versus negative €88.4 million in the first nine months of 2014).
Net cash flow from operating activities reached a positive €13.1 million in the first nine months of 2015 (versus a negative €51.2 million in the first nine months of 2014) due to an improvement in working capital management and fewer investments. Absorption of working capital, linked to organic growth, was lower than in the same period 2014 thanks to the above mentioned management of receivables/inventory. With regard to capex, the investment plans in Romania and China were completed in 2015 and more routine investments were made as new production reached capacity.
Cash flows in the first nine months of 2015 were also affected by changes in net equity which amounted to approximately €37.8 million (versus €37.2 million in the same period 2014) explained for €61.3 million by the payment of dividends, for €2.3 million by the negative impact of the fair value measurement of hedging instruments which were partially offset by the €25.8 million in positive exchange differences.

Here follows the statement of comprehensive income in the third quarter:

(€/million)	**30.09.2015**	**30.09.2014**
Profit (loss) for the period	**62.6**	**54.7**
- Change in fair value of cash flow hedges and available-for-sale financial assets	(2.1)	4.2
- Tax effect of change in fair value of cash flow hedges and available-for-sale financial assets	0.6	(0.9)
- Differences from translating foreign companies' financial statements into Euro	37.6	35.2
Total other components of comprehensive income that will subsequently be reclassified to the profit (loss) for the year	36.2	38.4
Total other components of comprehensive income that will not subsequently be reclassified to profit (loss) for the year	-	-
Total comprehensive income (loss) for the period	**98.8**	**93.2**
Total comprehensive income (loss) attributable to:		
Parent company shareholders	98.6	92.7
Minority interests	0.2	0.5

Here follow the main changes in net equity:

(€/million)	**Group portion of net equity**	**Minority interests in net equity**	**Total net equity**
Net equity at 31 December 2013	**667.4**	**2.5**	**669.9**
Dividend distribution	(59.8)	(0.3)	(60.1)
Total comprehensive income (loss) for the period	92.7	0.5	93.2
Net equity at 30 September 2014	**700.3**	**2.8**	**703.0**
Net equity at 31 December 2014	**783.2**	**2.9**	**786.1**
Dividend distribution	(61.3)	(0.2)	(61.5)
Total comprehensive income (loss) for the period	98.6	0.2	98.8
Net equity at 30 September 2015	**820.6**	**2.9**	**823.4**

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 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 nine months of 2015 were characterized by a growing small domestic appliances market in many geographical areas - although with certain significant exceptions, like Russia and Ukraine - and thanks to the majority of the product families.
Despite the particularly negative trends recorded in the foreign currencies market, the Group managed to achieve a significant growth as well as to consolidate and increase its market shares, thanks to the strength of its brands and product portfolio.
Management expects also that the market context will remain competitive for the coming quarters; however, the brands contribution as well as the industrial, organizational and product investments made by the Group will allow it to continue along its growth trajectory.

Treviso, 11 November 2015

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, 11 November 2015

Financial Reporting Officer

Stefano Biella

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This interim 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
Tax ID and Company Register no.: 11570840154
Treviso Chamber of Commerce no.: 224758
VAT no.: 03162730265