Treviso, August 28th 2013

PRESS RELEASE

De'Longhi SpA: 2013 first-half results

The Board of Directors of De'Longhi S.p.A. approved the consolidated first-half 2013 results: revenues reached € 670.8 million, up by 4.1% (5.9% at constant FX); Ebitda stands at € 82.9 million (12.4% of revenues), up from € 74.2 million (11.5% of sales); net income is slightly down to € 31.3 million (€ 32.4 million in H1 2012); the net cash flow is positive by € 4.6 million over the 6-month period, lowering net debt to € 88.3 million (of which bank debt is € 14.8 million) from € 92.9 million at the end of 2012.

Summary

the second quarter
April 1st – June 30th, 2013

- revenues up by 7.2% at € 350.3 million;
- net industrial margin grew to € 167.3 million from € 156.1 million, about stable as a percentage of revenues;
- Ebitda before non-recurring items totals € 38.8 million (from € 39.4 million), and is down as a percentage of revenues from 12.0% to 11.1%;
- Ebitda at € 38.3 million (from € 32.9 million), with margin up from 10.1% to 10.9%;
- Ebit stands at € 27.7 million (from € 24.6 million), whit Ebit margin improving from 7.5% to 7.9%.

first half
January 1st – June 30th, 2013

- revenues grew by 4.1% (5.9% at constant FX) over the first 6 months of 2013, reaching € 670.8 million (from € 644.4 million);
- net industrial margin increased from € 305.3 million to € 327.9 million (increasing, as a percentage of revenues, from 47.4% to 48.9%);
- Ebitda before non-recurring items increased from € 82.2 million to € 83.3 million, while Ebitda margin decreased from 12.8% to 12.4%;
- Ebitda increased from € 74.2 million to € 82.9 million (up as a percentage of revenues from 11.5% to 12.4%);
- Ebit stood at € 61.7 million from € 58.2 million in H1 2012, (Ebit margin up from 9.0% to 9.2%);
- net income reached € 31.3 million (versus € 32.4 million in 2012);
- the net financial position is negative by € 88.3 million (positive € 75.2 million as of June 30th, 2012, before the Braun acquisition), improving from end 2012 (negative € 92.9 million). Net bank debt at June 30th, 2013, is € 14.8 million.

The first half 2013

De'Longhi S.p.A.'s Board of Directors approved today the Group's 2013 consolidated first-half results.

The first six months of 2013 were characterized by a still very uncertain consumption scenario, with demand still remarkably volatile.

Moreover, during the period there were significant exchange rates movements, among which a sudden devaluation of some of the Group's export currencies (above all the Australian dollar and the Japanese Yen, but also other emerging markets' currencies), which had an overall negative effect on revenues and on the net industrial margin.

revenues

In this challenging environment, Group's revenues (which consolidate also Braun Household sales) increased by 4.1% (+5.9% at constant exchange rates), reaching € 670.8 million; in the second quarter, revenues amounted to € 350.3 million (+7.2% over Q2 2012).

	H1 2013			Q2 2013		
	M €	***Var. yoy***	***Var. yoy %***	**M €**	***Var. yoy***	***Var. yoy %***
Total revenues	**670.8**	***26.5***	***4.1%***	**350.3**	***23.6***	***7.2%***

By geography, Italy's performance was good, which represents a positive trend reversal after a few difficult quarters marked by the impact of the economic slowdown and of the austerity measures.
Overall, positive performance also from the other reference European countries, mainly thanks to Germany, Benelux and Scandinavia, which compensated for the slowdown in other markets (Russia, Switzerland and UK).
The MEIA division (Middle East, India, Africa) confirmed to be the fastest growing area in H1 2013, with sales up +50.6% versus H1 2012, while the APA region (Asia, Pacific, Americas) was down (also due to adverse FX).
Emerging markets's weight on total revenues increased from 34.6% in H1 2012 to 36.0%.

Food preparation and coffee makers, the Group's core drivers, continued to increase as a percentage of total Group revenues.
Looking at revenues by product, there was a good performance of kitchen machines (Kenwood brand) and of handblenders, which benefitted from the contribution of the new Braun products.
Coffee makers' sales were slightly down versus 2012, due to a market slowdown and to some effects connected with commercial activities (e.g. a few extraordinary sales activities which were not repeated this year, while others were postponed to the second half of 2013); moreover, in relation with Nespresso machines, the comparison with 2012 is made tougher by the launch in early 2012 of the model Lattissima+, and by more competitive distribution environment in Australia and New Zealand.
Sales of the comfort division were down (portable heaters and air conditioners).

margins

Net industrial margin increased from € 305.3 million (47.4% of revenues) to € 327.9 million (48.9%), thanks to a positive mix effect and to higher volumes, which more than compensated for a negative currency effect.

Below the net industrial margin, higher costs (both fixed and variable) related to the integration (and the beginning of the direct management) of Braun weighted on the P&L.
As a consequence, **Ebitda** before non-recurring items was down as a percentage of sales from 12.8% to 12.4%, despite increasing in absolute terms from € 82.2 million to € 83.3 million. In Q2, Ebitda before non-recurring items was € 38.8 million (11.1% margin) down from € 39.4 million (12.0% margin) in H1 2012.

Over the first six months, the Group recorded non-recurring charges totalling € 0.4 million (€ 7.9 million in 2012, mainly linked to the Braun acquisition).

After non-recurring items, H1 2013 Ebitda was € 82.9 million versus € 74.2 million in 2012 (up as a percentage of revenues from 11.5% to 12.4%); in Q2 Ebitda was € 38.3 million, versus € 32.9 million in 2012 (margin on revenues increased from 10.1% to 10.9%).

Ebit increased to € 61.7 million from € 58.2 million in H1 2012, despite higher D&A in H1 2013 by € 5.1 million versus the previous year, following the relevant industrial investments carried out in 2012 (Braun, China and Romania). In the second quarter, Ebit reached € 27.7 million (€ 24.6 million in 2012), and Ebit margin improved from 7.5% to 7.9%.

	H1 2013		**Q2 2013**	
	M €	***% of sales***	**M €**	***% of sales***
Net industrial margin	**327.9**	***48.9%***	**167.3**	***47.7%***
EBITDA (before non-recurring items)	**83.3**	***12.4%***	**38.8**	***11.1%***
EBITDA	**82.9**	***12.4%***	**38.3**	***10.9%***
EBIT	**61.7**	***9.2%***	**27.7**	***7.9%***

net financial charges

Net financial charges increased from € 14.2 million € 18.3 million, partly due to higher average indebtedness in H1 2013 versus H1 2012 (following the closing of the financing package for Braun) and partly due to higher FX-related charges.

net income

Net income pertaining to the Group was € 31.3 million, slightly down form € 32.4 million in 2012.

net financial position

As of June 30th 2013, the net financial position was € -88.3 million (€ 75.2 million in H1 2012 and € -92.9 million as of December 31st, 2012).
The net financial position includes several items that are different from bank debt (detailed later on in this section) totalling € -73.5 million, so that the net financial position versus banks amounted only to € -14.8 million.
Over the last 12 months, the net cash flow was negative by € 163.6 million, mainly due to the Braun acquisition (€ 208.0 million including interests, of which € 65.0 million associated to the accounting of the potential estimated earn-out).
Over the last 6 months, the net cash flow was positive by € 4.6 million (negative by € 42.2 over the same period in 2012).

In June 2013, De'Longhi Group's UK subsidiary Kenwood Limited signed an agreement with Legal & General Group Plc to externalize the risks associated with the UK pension plan. The agreement resulted in the accounting of a financial debt of € 6.1 million for the Group.
The total effect on the net financial position of items that differ from bank debt at June 30th, 2013 (including the accounting at fair value of derivatives and options, the financial debt related to the agreement on the pension plan and the estimated value of the potential earn-out) was € -73.5 million (€ +19.2 million as of June 30th, 2012).

€ million	***as of 30.6.2013***	***as of 30.6.2012***	***12-month change***
short term financial position	**141.9**	**116.8**	***25.1***
medium term financial position	**-230.2**	**-41.6**	***-188.6***
Net financial position	**-88.3**	**75.2**	***-163.6***
of which: non-bank debt	*-73.5*	*19.2*	*-92,7*

working capital

The net working capital over rolling last twelve month sales ratio equalled to 13.8% (versus 15.7% as of June 2012 and 15.9% as of December 2012). The decrease of the ratio was achieved through a more efficient management of stocks (despite the acquisition of Braun's inventory) and through a reduction in receivables (the June 2012 figure was negatively affected by some tax receivables and by advance payments to some suppliers).

Events occurred after the end of the semester

There were no relevant events occurred after the end of the semester.

Forseeable business development

The current year represents a particularly critical moment both for the Group's reference markets and for the organizational challenges that the Group is facing.
As far as markets are concerned, the economy is not providing management with any signs suggesting a reversal of the ongoing slowdown trend. As a consequence, management expects that such scenario could extend into next year.
In relation with the ongoing organizational changes, the Group is currently very committed to the new industrial investments (strengthening of the manufacturing facilities and of the commercial network) needed for the Braun integration as well as for facing the new challenges posed by very competitive markets.

Declaration of the manager responsible for the company's accounts

The manager responsible for the preparation of the company's accounts, Stefano Biella, hereby declares, as per article 154 bis, paragraph 2, of the "Testo Unico della Finanza", that all information related to the company's accounts contained in this press release are fairly representing the accounts and the books of the company.

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A N N E X
Consolidated results of De'Longhi Group as at June 30, 2013

Consolidated Income Statement

(Euro million)	1st half 2013	% of revenues	1st half 2012(*)	% of revenues
Net revenues	**670.8**	**100.0%**	**644.4**	**100.0%**
Change 2013/2012	*26.5*	*4.1%*		
Materials consumed and other production costs (services and production payroll costs)	(342.9)	(51.1%)	(339.0)	(52.6%)
Net Industrial margin	**327.9**	**48.9%**	**305.3**	**47.4%**
Cost for goods and services and other costs	(163.2)	(24.3%)	(151.6)	(23.5%)
Added value	**164.7**	**24.6%**	**153.7**	**23.9%**
Labour cost (non industrial)	(70.3)	(10.5%)	(62.1)	(9.6%)
Provisions	(11.1)	(1.7%)	(9.4)	(1.5%)
EBITDA before non-recurring items	**83.3**	**12.4%**	**82.2**	**12.8%**
Change 2013/2012	*1.1*	*1.4%*		
Non-recurring items	(0.4)	(0.1%)	(7.9)	(1.2%)
EBITDA	**82.9**	**12.4%**	**74.2**	**11.5%**
Amortization	(21.2)	(3.2%)	(16.1)	(2.5%)
EBIT	**61.7**	**9.2%**	**58.2**	**9.0%**
Change 2013/2012	*3.5*	*6.1%*		
Net financial charges	(18.3)	(2.7%)	(14.2)	(2.2%)
Profit before taxes	**43.4**	**6.5%**	**44.0**	**6.8%**
Taxes	(11.7)	(1.7%)	(11.4)	(1.8%)
Profit / (Loss) of the period	**31.7**	**4.7%**	**32.6**	**5.1%**
Profit (loss) pertaining to minority interests	0.4	0.1%	0.2	0.0%
Profit (loss) pertaining to the Group	**31.3**	**4.7%**	**32.4**	**5.0%**

(*) The retroactive application of the new IAS 19 – *Employee benefits* led to the restatement of the comparative data.

Consolidated Balance Sheet

(Euro million)	30.06.2013	30.06.2012 (*)	31.12.2012 (*)	Change 30.06.13 – 30.06.12	Change 30.06.13 – 31.12.12
- intangible assets	363.0	174.4	364.6	188.6	(1.6)
- tangible assets	162.9	129.3	158.6	33.6	4.3
- financial assets	3.6	3.1	3.1	0.5	0.6
- deferred tax assets	45.9	43.4	41.3	2.5	4.6
Fixed assets	**575.4**	**350.2**	**567.6**	**225.2**	**7.8**
- inventories	361.0	358.5	273.8	2.4	87.2
- trade receivables	225.5	215.8	381.2	9.6	(155.8)
- trade payables	(322.0)	(319.2)	(351.7)	(2.8)	29.7
- other net current assets / (liabilities)	(50.2)	(22.1)	(59.8)	(28.2)	9.6
Net working capital	**214.2**	**233.1**	**243.4**	**(18.9)**	**(29.2)**
Non-current liabilities	(92.1)	(85.9)	(87.8)	(6.3)	(4.3)
Net invested capital	**697.5**	**497.4**	**723.2**	**200.0**	**(25.7)**
Net debt / (net cash) (**)	**88.3**	**(75.2)**	**92.9**	**163.6**	**(4.6)**
Total shareholders' equity	**609.1**	**572.7**	**630.3**	**36.5**	**(21.1)**
Total net financial position and shareholders' equity	**697.5**	**497.4**	**723.2**	**200.0**	**(25.7)**

(*) The retroactive application of the new IAS 19 – *Employee benefits* led to the restatement of the comparative data.
(**) The net debt includes Euro 73.5 million of net financial liabilities (including the accounting at fair value of derivatives as well as options on minority stakes, the financial debt related to the agreement on the pension plan for the UK subsidiary and the estimated value of the contingent residual debt towards Procter & Gamble for the Braun acquisition). Such items amounted to Euro 73.0 million net financial liabilities as of December, 31st 2012, while they amounted to Euro 19.2 million net financial assets as of June 30th, 2012.

Consolidated Cash Flow statement

(Euro million)	30.06.2013 (6 months)	30.06.2012 (6 months)	31.12.2012 (12 months)
Cash flow from operations	63.0	52.2	191.6
Cash flow from changes in working capital	7.8	(10.9)	(65.2)
Cash flow from investments	(25.2)	(33.7)	(62.8)
Operating cash flow	**45.6**	**7.7**	**63.5**
Braun acquisition	-	-	(202.9)
Cash flow from Braun acquisition	-	-	**(202.9)**
Dividends	(43.4)	(49.3)	(49.3)
Change in Fair value and Cash flow hedge reserves	5.0	(4.7)	(25.0)
Cash flow from actuarial losses related to the agreement on the UK pension plan	(6.1)	-	-
Cash flow from other changes in the net equity	3.4	4.2	3.4
Cash flow from changes in the net equity	**(41.0)**	**(49.9)**	**(70.9)**
Net cash flow	**4.6**	**(42.2)**	**(210.3)**
Opening net financial position	(92.9)	117.4	117.4
Closing net financial position	**(88.3)**	**75.2**	**(92.9)**