DēLonghi Group

Interim financial report at 31 March 2014

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 results

(€/million)	1st quarter 2014	% revenues	1st quarter 2013 (*)	% revenues	Change	% change
Revenues	338.1	100.0%	315.5	100.0%	22.5	7.1%
Constant currency change	*37.9*	*12.0%*				
Net industrial margin	161.0	47.6%	160.1	50.7%	0.9	0.6%
EBITDA before non-recurring expenses	46.1	13.6%	44.3	14.0%	1.8	4.2%
EBITDA	46.1	13.6%	44.3	14.0%	1.8	4.0%
EBIT	35.4	10.5%	33.8	10.7%	1.5	4.5%
Profit/ (loss) pertaining to the Group	17.1	5.0%	19.2	6.1%	(2.1)	(10.9%)

(*) Comparative data were restated following the retrospective application of IFRS 11 - *Joint arrangements,* under which the accounting of joint ventures must be done according to the equity method, as per IAS 28 - *Investments in associates and joint venture,* as amended. This led to lower revenues as of March 31st, 2013, by Euro 5.0 million and lower EBITDA by Euro 0.3 million.
The comparative figures were also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - Business combinations (which caused an increase in net profit of €0.2 million).

Statement of financial position

(€/million)	31.03.2014	31.03.2013 (*)	31.12.2013 (*)
Net working capital	278.0	262.6	226.7
Net capital employed	733.8	715.5	678.9
Net debt /(Net financial assets)	54.6	55.1	9.0
of which:			
- Net bank debt/(Net bank assets)	*(4.6)*	*18.5*	*(40.9)*
- Other financing payables/(assets)	*59.1*	*36.5*	*49.9*
Net equity	679.3	660.4	669.8

(*) Comparative data were restated following the retrospective application of IFRS 11 - *Joint arrangements,* under which the accounting of joint ventures must be done according to the equity method, as per IAS 28 - *Investments in associates and joint venture,* as amended. This led to higher net debt as of March 31st, 2013, by Euro 5.3 million (Euro 6.8 million as of December 31st, 2013).
The comparative figures were also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - Business combinations, leading to a positive effect on the net debt as of March 31st, 2013, of Euro 31.8 million.

Content of the interim financial report

The present document reporting the unaudited consolidated results at 31 March 2014 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 31 March 2014, with comparatives at 31 March 2013.
The statement of financial position figures refer to 31 March 2014, 31 March 2013 and 31 December 2013.
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 accounting standards used to prepare the consolidated financial statements at 31 December 2013 were also used, with the exception of a few standards and amendments that took effect as of 1 January 2014 the most important of which, for the purposes of this interim management statement, was the new version of IFRS 11 - *Joint arrangements*.
Based on this standard, joint control or the joint ventures entered into by the Group, were accounted for using the equity method (rather than the proportionate method) as per the amended version of IAS 28 - *Investments in associates and joint ventures*. Based on the equity method, the equity investment in an associate company is initially recognized at cost and the book value increased or decreased to reflect the gains or losses posted by the associate after the acquisition date. The amount of the equity investor's portion of the gain or loss is recognized in the latter's income statement.
As this standard is applied retroactively, the comparative figures in the balance sheet and income statement were restated accordingly.

Furthermore, the figures at 31 March 2013 were restated following definitive accounting of the business combination for the Braun Household acquisition, finalized on 31 December 2013, in accordance with IFRS 3 - *Business combinations*.
The principle effects of the restated comparative figures are noted below the tables.

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.

Performance review and significant events

The first three months of 2014 were characterized by a persistently adverse exchange effect as a result of the continuous strengthening of the Euro against the currencies of a few of the Group's main markets (above all Japan, Australia, South Africa, the United States and Russia/Ukraine) which had a negative impact on both sales and margins in the quarter.
Despite the difficult international context, the Group achieved positive results; net revenues in first quarter 2014 amounted to €338.1 million (+€22.5 million or +7.1% with respect to first quarter 2013). At constant exchange rates the increase comes to €37.9 million or +12.0%.

EBITDA before non-recurring expenses reached €46.1 million in the first three months of 2014, 13,6% as a percentage of revenues (€44.3 million in first quarter 2013, 14.0% as a percentage of revenues).

The results posted in first quarter 2014 confirm the validity of the Group's strategy to focus on the development of global brands while concentrating operations on the premium product segments in which the De'Longhi brand coffee machines and Kenwood brand kitchen machines are leaders.
As a result of the acquisition from Procter & Gamble of the Braun Household brand, this global premium brand which focuses on everyday products was added to the historic brands, De'Longhi and Kenwood, which are focused on more niche products.
After a first year as a start-up during which the organizational structure, as well as the commercial and investments policies were finalized, in first quarter 2014 Braun posted strong growth in sales with respect to first quarter 2013.

With regard to the net financial position, net debt at the end of March 2014 amounted to €54.6 million (€59.1 million of which reflects items other than bank debt, linked primarily to the potential earn-out owed relating to the Braun acquisition, the financial payable linked to the transfer of the UK subsidiary's pension fund liabilities to third parties and the fair value of derivatives and call options on minority interests).
Net working capital improved further, reaching €278.0 million at 31 March 2014, a slight increase with respect to the same period in 2013 (€262.6 million), but falling from 17.3% to 17.0% as a percentage of revenues.

Group results

The reclassified consolidated income statement is summarized as follows:

(€/million)	1st quarter 2014	% revenues	1st quarter 2013(*)	% revenues
Revenues	**338.1**	**100.0%**	**315.5**	**100.0%**
Change	*22.5*	*7.1%*		
Materials consumed & other production costs (production services and payroll costs)	(177.1)	(52.4%)	(155.4)	(49.3%)
Net industrial margin	**161.0**	**47.6%**	**160.1**	**50.7%**
Services and other operating expenses	(78.0)	(23.1%)	(80.9)	(25.6%)
Payroll (non-production)	(36.9)	(10.9%)	(34.9)	(11.1%)
EBITDA before non-recurring income/expenses	**46.1**	**13.6%**	**44.3**	**14.0%**
Change	*1.8*	*4.2%*		
Other non-recurring income (expenses)	(0.1)	(0.0%)	-	-
EBITDA	**46.1**	**13.6%**	**44.3**	**14.0%**
Change	*1.8*	*4.0%*		
Amortization and depreciation	(10.7)	(3.2%)	(10.4)	(3.3%)
EBIT	**35.4**	**10.5%**	**33.8**	**10.7%**
Change	*1.5*	*4.5%*		
Financial income (expenses)	(11.6)	(3.4%)	(7.9)	(2.5%)
Profit (loss) before taxes	**23.7**	**7.0%**	**25.9**	**8.2%**
Income taxes	(6.6)	(1.9%)	(6.6)	(2.1%)
Profit (loss) after taxes	**17.2**	**5.1%**	**19.4**	**6.1%**
Profit (loss) pertaining to minority interests	0.1	0.0%	0.2	0.1%
Profit (loss) pertaining to the Group	**17.1**	**5.0%**	**19.2**	**6.1%**

(*) Comparative data were restated following the retrospective application of IFRS 11 - *Joint arrangements,* under which the accounting of joint ventures must be done according to the equity method, as per IAS 28 - *Investments in associates and joint venture,* as amended. This led to lower revenues as of March 31st, 2013, by Euro 5.0 million and lower EBITDA by Euro 0.3 million.
The comparative figures were also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - Business combinations (which caused an increase in net profit of €0.2 million).

Net revenues amounted to €338.1 million in first quarter 2014, an increase of 7.1% with respect to first quarter 2013 thanks to a positive trend in volumes and despite a particularly adverse exchange effect as a result of the strengthening of the Euro against a few of the Group's main reference currencies (at constant exchange rates growth would have reached +12.0% or approximately €37.9 million).
More in detail, the exchange effect was particularly noticeable in the main markets of the APA region (Japan, Australia, the United States and South Africa), as well as in Russia and the Ukraine.

The breakdown of revenues by product line shows a good sales trend for kitchen machines, coffee machines and small appliances; sales for the comfort line, both portable heaters and air conditioners, also increased.
With regard to coffee makers, overall sales increased thanks to the good growth posted in the sale of Dolcegusto brand machines; sales for fully automatic and traditional pump espresso machines also rose, while sales for Nespresso brand capsule machines fell.

As for margins, De'Longhi closed the first three months of 2014 with a net industrial margin of €161.0 million (€160.1 million in the same period 2013). The comparison with the same period in 2013 is difficult as the margins in first quarter 2013 were particularly high, a trend that then stabilized in subsequent quarters in 2013. In first quarter 2014 the margin was also impacted by an adverse exchange effect (due to the strengthening of the Euro against the main export currencies mentioned above) despite the Group's hedging policy.

EBITDA before non-recurring expenses reached €46.1 million in the first three months of 2014 (€44.3 million in first quarter 2013), falling as a percentage of net revenues from the 14.0% posted in 2013 to 13.6% in 2014; this result reflects the trend in the industrial margin described above and the decrease in "Costs for services and operating income/(expenses)" and "Payroll costs (non-production)" which fell as a percentage of revenue from 36.7% to 34.0%, thanks to the economies of scale generated by the increased sales.

EBIT amounted to €35.4 million in the first three months of 2014 (€33.8 million in the same period 2013), dropping as a percentage of revenue of 10.7% to 10.5%, after amortization and depreciation of €10.7 million.

Net financial expenses increased €3.7 million, rising from the €7.9 million posted in first quarter 2013 to €11.6 million in first quarter 2014, due primarily to higher foreign exchange losses (following the devaluation of the Ukrainian currency and higher hedging costs).

Profit pertaining to the Group reached €17.1 million in the first three months of 2013.

Performance by market and product line

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

(€/million)	1st quarter 2014	%	1st quarter 2013(*)	%	Change	% change
North East Europe	91.8	27.2%	82.2	26.0%	9.6	11.7%
South West Europe	138.5	41.0%	132.0	41.8%	6.5	4.9%
EUROPE	**230.4**	**68.1%**	**214.2**	**67.9%**	**16.1**	**7.5%**
MEIA (Middle East / India / Africa)	**33.8**	**10.0%**	**30.6**	**9.7%**	**3.3**	**10.8%**
APA (Asia / Pacific / Americas)	**73.9**	**21.8%**	**70.8**	**22.4%**	**3.1**	**4.4%**
Total revenues	**338.1**	**100.0%**	**315.5**	**100.0%**	**22.5**	**7.1%**

(*) Comparative data were restated following the retrospective application of IFRS 11 - *Joint arrangements,* under which the accounting of joint ventures must be done according to the equity method, as per IAS 28 - *Investments in associates and joint venture,* as amended.

In terms of markets, growth was recorded in all the sales regions; Europe rose by €16.1 million or 7.5% with respect to first quarter 2013 thanks to the contribution of both the North East (+ €9.6 million or + 11.7%) and the South West (+€6.5 million or + 4.9%).
Of note in Northeastern Europe are the good results posted in the UK, Russia (picking up after a weak 2013) and Scandinavia. In Southeastern Europe good results were recorded in Spain and France.

Growth was recorded in the APA region (+€3.1 million or + 4.4%) thanks to the good performance posted in the United States, due to a recovery in the sale of portable air conditioners, in Brazil and in Japan (despite the negative exchange effect); sales in Australia fell due to the particularly adverse exchange effect, the market trend and greater competitive pressure in the local market.

Growth continued in the MEIA region (+€3.3 million or + 10.8% with respect to third quarter 2013) thanks to the positive sales trend in, above all, Saudi Arabia.

Review of the statement of financial position

The reclassified consolidated statement of financial position is presented below:

(€/million)	31.03.2014	31.03.2013(*)	31.12.2013(*)	Change 31.03.14 – 31.03.13	Change 31.03.14 – 31.12.13
- Intangible assets	326.8	330.0	327.3	(3.3)	(0.5)
- Property, plant and equipment	173.9	158.1	171.4	15.7	2.4
- Financial assets	7.6	7.1	7.3	0.5	0.4
- Deferred tax assets	41.1	42.9	38.1	(1.8)	3.0
Non-current assets	**549.3**	**538.2**	**544.0**	**11.1**	**5.3**
- Inventories	324.9	339.3	281.3	(14.4)	43.6
- Trade receivables	273.4	265.3	334.6	8.1	(61.2)
- Trade payables	(294.4)	(299.1)	(338.6)	4.7	44.2
- Other payables (net of receivables)	(25.9)	(42.9)	(50.6)	17.0	24.7
Net working capital	**278.0**	**262.6**	**226.7**	**15.4**	**51.3**
- Deferred tax liabilities	(12.3)	(8.6)	(10.1)	(3.6)	(2.2)
- Employee benefits	(30.0)	(23.6)	(28.7)	(6.4)	(1.4)
- Other provisions	(51.2)	(53.0)	(53.1)	1.8	1.9
Total non-current liabilities and provision	**(93.5)**	**(85.3)**	**(91.9)**	**(8.2)**	**(1.6)**
Net capital employed	**733.8**	**715.5**	**678.9**	**18.3**	**55.0**
Net debt/(Net financial assets)	**54.6**	**55.1**	**9.0**	**(0.5)**	**45.5**
Total net equity	**679.3**	**660.4**	**669.8**	**18.8**	**9.5**
Total net debt and equity	**733.8**	**715.5**	**678.9**	**18.3**	**55.0**

(*) Comparative data were restated following the retrospective application of IFRS 11 - *Joint arrangements,* under which the accounting of joint ventures must be done according to the equity method, as per IAS 28 - *Investments in associates and joint venture,* as amended. This led to higher net debt as of March 31st, 2013, by Euro 5.3 million (Euro 6.8 million as of December 31st, 2013).
The comparative figures were also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - Business combinations, leading to a positive effect on the net debt as of March 31st, 2013, of Euro 31.8 million.

Investments in first quarter 2014, which amounted to €14.4 million (€10.2 million in first quarter 2013), include the investments outlined in the business plan primarily for the start-up of the production facility in Romania and the second wave of investments in the main Chinese plant of €7.4 million.
In first quarter 2014 further steps were taken to contain working capital which amounted to €278 million at 31 March 2014, an increase of €15.4 million with respect to the same period in 2013, but down as percentage of revenue (dropping from 17.3% to 17%). This result was obtained thanks to the positive trend in trade payables and more efficient inventory management.

Details of the net financial position follow:

(€/million)	31.03.2014	31.03.2013(*)	31.12.2013(*)	Change 31.03.14 – 31.03.13	Change 31.03.14 – 31.12.13
Cash and cash equivalents	282.8	240.1	263.9	42.7	18.9
Other financial receivables	10.9	25.7	22.9	(14.8)	(12.0)
Current financial debt	(169.0)	(117.3)	(115.5)	(51.7)	(53.5)
Net current financial position	**124.7**	**148.5**	**171.3**	**(23.8)**	**(46.6)**
Non-current financial debt	**(179.3)**	**(203.5)**	**(180.4)**	**24.3**	**1.1**
Total net financial position/(net debt)	**(54.6)**	**(55.1)**	**(9.0)**	**0.5**	**(45.5)**
of which:					
- positions with banks and other financial payables	*4.6*	*(18.5)*	*40.9*	*23.1*	*(36.3)*
- fair value of derivatives and options	*(25.2)*	*(4.0)*	*(16.3)*	*(21.3)*	*(8.9)*
- residual payable to P&G related to the Braun acquisition	*(33.9)*	*(32.6)*	*(33.6)*	*(1.3)*	*(0.3)*

(*) Comparative data were restated following the retrospective application of IFRS 11 - *Joint arrangements,* under which the accounting of joint ventures must be done according to the equity method, as per IAS 28 - *Investments in associates and joint venture,* as amended. This led to higher net debt as of March 31st, 2013, by Euro 5.3 million (Euro 6.8 million as of December 31st, 2013).
The comparative figures were also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - Business combinations, leading to a positive effect on the net debt as of March 31st, 2013, of Euro 31.8 million.

Net debt at 31 March 2014 came to €54.6 million and includes €59.1 million in items other than bank debt: the portion of the amount owed to Procter & Gamble of €33.9 million relating to the potential earn-out payable over the next two to four years, other net liabilities amounting to €25.2 million relating to the fair value of derivatives and call options on minority interests and the financial payable resulting from the transfer of the UK subsidiary's pension fund liabilities to third parties.

The net financial position with banks and other financial payables, therefore net of the items other than bank debt, was positive by €4.6 million at 31 March 2014 (versus a negative €18.5 million at 31 March 2013). In the twelve month period, therefore, there was an improvement of €23.1 million in the net financial position versus banks, despite the non-recurring investments made in new production projects (primarily in Romania and China) amounting to approximately €18.4 million, the payment of dividends of €43.4 million, the negative effect of foreign currency translation and a few financial items relating to the Braun acquisition.
Net of the non-recurring items and the impact of non-recourse factoring, the change in bank debt in the last twelve months would have positively impacted the net financial position by €113.2 million versus a positive impact of €97.3 million in the previous twelve month period.

With regard to structure, the short term portion of the net financial position reflects a positive balance of €124.7 million at 31 March 2014 (versus €148.5 million at 31 March 2013). As for non-current debt, no new loans were taken out in first quarter 2014.

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

(€/million)	**31.03.2014 (3 months)**	**31.03.2013(*) (3 months)**	**31.12.2013(*) (12 months)**
Cash flow generated (absorbed) by current operations	34.4	35.6	205.0
Cash flow generated (absorbed) by changes in working capital	(61.0)	(25.0)	(32.6)
Cash flow generated (absorbed) by investment activities	(14.4)	(10.2)	(59.7)
Cash flow generated (absorbed) by operating activities	**(41.0)**	**0.3**	**112.7**
Dividends paid	-	-	(43.4)
Cash flow by changes in fair value and cash flow hedge reserves	(4.9)	5.1	(4.7)
Cash flow by changes in currency translation reserve	0.3	5.4	(1.7)
Cash flow by actuarial losses related to the agreement on the pension plan	-	-	(6.2)
Cash flow generated (absorbed) by other changes in net equity	0.1	0.2	(0.4)
Cash flow generated (absorbed) by changes in net equity	**(4.5)**	**10.7**	**(55.6)**
Cash flow for the period	**(45.5)**	**11.0**	**57.0**
Opening net financial position	(9.0)	(66.1)	(66.1)
Closing net financial position/(Net debt)	**(54.6)**	**(55.1)**	**(9.0)**

(*) Comparative data were restated following the retrospective application of IFRS 11 - *Joint arrangements,* under which the accounting of joint ventures must be done according to the equity method, as per IAS 28 - *Investments in associates and joint venture,* as amended.
The comparative figures were also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - Business combinations.

Net cash flow from operating activities in the first three months of 2014 reached a negative €41 million, versus a positive €0.3 million in first quarter 2013. This result reflects non-recurring investments of €7.4 million (€3.6 million in first quarter 2013) and other financial items relating to the Braun acquisition which had a positive effect on cash flows in first quarter 2013.
First-quarter cash flows were also affected by changes in net equity: changes in the fair value of currency derivatives and the translation differences relating to the financial position of the Group's foreign subsidiaries had a negative impact of €4.5 million in the first three months of 2014 (versus a positive impact of €10.7 million in first quarter 2013).

Here follow the statement of comprehensive income and the main changes in net equity in the first quarter:

(€/million)	1st quarter 2014	1st quarter 2013 (*)
Profit (loss) for the period	**17.2**	**19.4**
Other components of comprehensive income:	**(7.7)**	**10.5**
- Change in fair value of cash flow hedges and available-for-sale financial assets	(4.9)	5.1
- Tax effect of change in fair value of cash flow hedges and available-for-sale financial assets	0.7	(1.3)
- Differences from translating foreign companies' financial statement into Euro	(3.5)	6.6
Total other components of comprehensive income that will subsequently be reclassified to the profit (loss) for the year	(7.7)	10.5
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	**9.5**	**29.9**
Total comprehensive income (loss) attributable to:		
Parent company shareholders	9.4	29.7
Minority interests	0.1	0.2

(*) Comparative data were restated following the retrospective application of IFRS 11 - *Joint arrangements,* under which the accounting of joint ventures must be done according to the equity method, as per IAS 28 - *Investments in associates and joint venture,* as amended.
The comparative figures were also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - Business combinations.

(€/million)	Group portion of net equity	Minority interests in net equity	Total net equity
Net equity at 31 December 2012 (official data)	**631.8**	**2.2**	**634.0**
Ias 19 revised application effects	(3.7)	(0.1)	(3.8)
Effects resulting from restatement of earn out due to P&G	0.3	-	0.3
Net equity at 1 January 2013 (*)	**628.4**	**2.2**	**630.6**
Total comprehensive income (loss) for the period	29.7	0.2	29.9
Net equity at 31 March 2013 (*)	**658.1**	**2.4**	**660.4**
Net equity at 31 December 2013 (official data)	**667.4**	**2.5**	**669.9**
IFRS 11 application effects	(0.1)	-	(0.1)
Net equity at 1 January 2014 (*)	**667.3**	**2.5**	**669.8**
Total comprehensive income (loss) for the period	9.4	0.1	9.5
Net equity at 31 March 2014	**676.7**	**2.6**	**679.3**

(*) Comparative data were restated following the retrospective application of IFRS 11 - *Joint arrangements,* under which the accounting of joint ventures must be done according to the equity method, as per IAS 28 - *Investments in associates and joint venture,* as amended.
The comparative figures were also restated as a result of the definitive accounting for the business combination related to the Braun Household acquisition in accordance with IFRS 3 - Business combinations.

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:
- 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, 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 capital employed: this measure is the sum of net working capital, intangible assets, property, plant and equipment, equity investments, other non-current receivables, and deferred tax assets, minus deferred tax liabilities, employee benefits and provisions for contingencies and other charges.
- Net debt/(net financial position): this measure represents gross financial liabilities less cash and cash equivalents and other financial receivables. The individual line items in the statement of financial position used to determine this measure are analysed later in this report.

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 of 2014 was characterized by a strong organic revenues performance, affected by a negative foreign exchange impact, despite the hedging activities put in place by the Company. Group margins were also affected by the adverse currencies environment, but were nevertheless higher in absolute terms thanks to higher sales volumes. Despite a volatile market and the persistent foreign exchange headwinds, management confirms for the following quarters of 2014 the targets for revenues and margins growth.

Treviso, 12 May 2014

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, 12 May 2014

Financial Reporting Officer

Stefano Biella

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This interim report is available on the corporate website:
www.delonghi.it

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