HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2019

DēLonghi Group

Contents

COMPANY OFFICERS *

Board of Directors

GIUSEPPE DE'LONGHI	Chairman
FABIO DE'LONGHI	Vice Chairman and Chief Executive Officer
SILVIA DE'LONGHI	Director
MASSIMILIANO BENEDETTI**	Director
FERRUCCIO BORSANI**	Director
LUISA MARIA VIRGINIA COLLINA**	Director
RENATO CORRADA	Director
CARLO GARAVAGLIA	Director
MARIA CRISTINA PAGNI **	Director
STEFANIA PETRUCCIOLI**	Director
GIORGIO SANDRI	Director

Board of Statutory Auditors

CESARE CONTI	Chairman
PAOLA MIGNANI	Standing member
ALBERTO VILLANI	Standing member
LAURA BRAGA	Alternate auditor
ALBERTA GERVASIO	Alternate auditor

External Auditors

PriceWaterhouseCoopers S.p.A. ***

Control, Risks, Corporate Governance and Sustainability Committee

STEFANIA PETRUCCIOLI**
MARIA CRISTINA PAGNI **
RENATO CORRADA

Remuneration and Appointments Committee

MARIA CRISTINA PAGNI **
STEFANIA PETRUCCIOLI**
CARLO GARAVAGLIA

Independent Committee

MARIA CRISTINA PAGNI **
MASSIMILIANO BENEDETTI**
FERRUCCIO BORSANI**
LUISA MARIA VIRGINIA COLLINA**
STEFANIA PETRUCCIOLI**

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

KEY PERFORMANCE INDICATORS[1]

Results

(€/million)	2nd quarter 2019	% revenues	2nd quarter 2019 normalized[2]	% revenues	2nd quarter 2018	% revenues	Change normalized[2]	Change % normalized[2]
Revenues	469.1	100.0%	469.1	100.0%	452.1	100.0%	17.0	3.8%
Revenues at costant exchange rates	*461.9*	*100.0%*	*461.9*	*100.0%*	*452.3*	*100.0%*	*9.6*	*2.1%*
Net industrial margin	217.7	46.4%	217.7	46.4%	209.0	46.2%	8.7	4.2%
EBITDA before non – recurring /stock option costs	61.3	13.1%	56.4	12.0%	55.7	12.3%	0.6	1.1%
EBITDA before non – recurring /stock option costs at costant exchange rates			*55.8*	*12.1%*	*55.5*	*12.3%*	*0.2*	*0.4%*
EBIT	41.4	8.8%	41.1	8.8%	38.6	8.5%	2.5	6.5%
Profit (loss) pertaining to the Group	31.4	6.7%	31.6	6.7%	29.5	6.5%	2.1	7.1%

(€/million)	1st half 2019	% revenues	1st half 2019 normalized[2]	% revenues	1st half 2018	% revenues	Change normalized[2]	Change % normalized[2]
Revenues	845.5	100.0%	845.5	100.0%	854.7	100.0%	(9.2)	(1.1%)
Revenues at costant exchange rates	*834.3*	*100.0%*	*834.3*	*100.0%*	*855.6*	*100.0%*	*(21.3)*	*(2.5%)*
Net industrial margin	399.5	47.2%	399.5	47.2%	407.1	47.6%	(7.6)	(1.9%)
EBITDA before non – recurring /stock option costs	97.8	11.6%	88.2	10.4%	109.1	12.8%	(20.9)	(19.2%)
EBITDA before non – recurring /stock option costs at costant exchange rates			*92.0*	*11.0%*	*109.4*	*12.8%*	*(17.4)*	*(15.9%)*
EBIT	58.0	6.9%	57.5	6.8%	77.9	9.1%	(20.4)	(26.2%)
Profit (loss) pertaining to the Group	42.8	5.1%	43.3	5.1%	55.9	6.5%	(12.6)	(22.6%)

[1] In light of the industrial partnership agreement finalized in December 2018, which called for the sale of the majority interest in NPE S.r.l., unless indicated otherwise the figures for 2018, commented on in this report refer to continuing operations, namely the consolidation perimeter excluding NPE S.r.l..

[2] The 1st half 2019 consolidated financial figures were prepared in accordance to the requirements of the new IFRS 16 *Leases*. For sake of comparison, official data pertaining to 2019 were normalized by excluding the impacts of the adoption of IFRS 16; for further information, please refer to paragraph *Alternative performance indicators*.

Statement of financial position

(€/million)	**30.06.2019**	**30.06.2019 normalized[2]**	**30.06.2018**	**31.12.2018**
Net working capital	344.3	344.2	264.9	322.5
Net capital employed	955.4	878.2	781.8	837.8
Net financial assets	105.5	183.1	155.9	228.1
of which:				
- *Net bank financial position*	*188.3*	*188.3*	*157.0*	*229.0*
- *Other financial receivables/(payables)*	*(82.9)*	*(5.2)*	*(1.0)*	*(0.9)*
Net equity	1,060.8	1,061.3	937.7	1,065.9
Net working capital/Net revenues	16.6%	16.6%	13.2%	15.5%

[2] The 1st half 2019 consolidated financial figures were prepared in accordance to the requirements of the new IFRS 16 *Leases*. For sake of comparison, official data pertaining to 2019 were normalized by excluding the impacts of the adoption of IFRS 16; for further information, please refer to paragraph *Alternative performance indicators*.

INTERIM REPORT ON OPERATIONS

PERFORMANCE REVIEW

The second quarter of 2019 closed with a good performance in both sales and margins, which improved compared to the same period of 2018 despite a few discontinuities, reversing the negative trend recorded in the first quarter.
In the second quarter of 2019 revenues rose €17.0 million (+3.8%) against the same period of the prior year to €469.1 million, which made it possible to almost recover in the semester the slowdown registered in the first quarter of 2019.
Revenues, which amounted to €845.5 million in the first six months of 2019, were down slightly (-1.1%) against the first half of 2018 (€854.7 million). The performance was impacted by a few noticeable discontinuities: in the coffee machines capsule segment, the interruption in direct sales to the Nespresso boutiques, the phase out of a few *DolceGusto* models and, in comparative terms, the launch in early 2018 of the *Lattisima One* model; in air conditioning, a few early deliveries made at year-end 2018.

The positive signs of recovery seen in the second quarter were recorded, albeit to different degrees, in all the geographic areas in which the Group operates despite the discontinuities mentioned above that affected both Europe and APA in the second quarter, as well.
In the second quarter of 2019 revenues in Europe rose 5.0% against the same period of 2018 to €298.0 million; revenues in APA were up 2.0%, coming in at €137.3 million, while revenues in MEIA amounted to €33.8 million, largely unchanged with respect to the second quarter of 2018.

Revenues in **Europe** amounted to €560.2 million in the first half of 2019, a slight increase (+1.6%) compared to the same period of the prior year thanks to the solid progress posted in the second quarter with double-digit growth in France and Poland and a good performance in Russia, Benelux and Germany; the Italian market was down slightly due to the weak performance of air conditioning products.
The United Kingdom reported strong sales growth in the second quarter driven by growth in coffee and comfort; as for kitchen machines, the market share increased despite the uncertainties linked to Brexit.
The positive second quarter performance in Europe was driven by the coffee and comfort segments.
In the first half the coffee machine segment, with the exception of capsule models, confirmed its strength and continuous growth posting good results for both fully automatic and manual machines, especially in France (+47.3%), the United Kingdom (+13.9%), and Poland (+25.9%); comfort benefitted from a beginning of the season that was very positive for portable air conditioners.

APA reported revenues of €224.3 million in the half, showing a decrease of 5.9% against the comparison period, but recovering in the second quarter (+2.0%).
Sales in the first six months of the year were impacted, in the comparison with the same period 2018, by the above mentioned interruption in the sale of a few low margin DolceGusto capsule machines and a different phasing in the sale of comfort products, with sales of air conditioners in the United States anticipated to the fourth quarter of 2018.
Sales were also affected by a weak season for heating products in Australia and Japan due to a mild winter.
The sales performance in the United States was good, net of the discontinuities in air conditioning, despite the introduction of new tariffs applied to certain products attributable to the US – China trade dispute, with a second quarter characterized by good sales growth in all categories of coffee and air conditioners.
The results in Greater China were affected by the suspended sales of low margin *DolceGusto* products, offset by a growing focus on fully automatic machines, as well as the launch of new models to support growth in the market of which De'Longhi is the leader.
Sales in Australia, after a weak performance in the first quarter due to mild weather conditions, were basically flat in the second quarter boosted by better control of promotions and sales terms and conditions, above all in the coffee segment, and a decrease in sales of low margin household appliance distribution.

Sales for **MEIA** were down 6.0% in the first half of 2019 compared to the same period of 2018, but recovered in the second quarter, coming in basically in line with the prior year.
The region was affected by global market and political issues, above all in Saudi Arabia, and strong competition in EAU; sales increased in Africa (above all in Egypt).

Group sales were also influenced by the decision to reorganize the business in a few, unprofitable markets like Turkey, Chile and Brazil which caused sales to fall by €4.1 million in the half.

Looking at product segments, the increasing importance of coffee products, which represents about 46% of the Group's business, was confirmed with good growth in the sale of both fully automatic, rising 7.2% compared to the first six months of 2018 and accelerating further in the second quarter (+12.4% compared to the period April – June 2018), and manual machines (+21.2%). The launch of the new, high end *Maestosa* automatic and manual *La Specialista* machines contributed to these results.
Sales for Nespresso and DolceGusto products fell due to a few discontinuities which penalized the comparison with the same period of the prior year such as, in particular, the interruption in direct sales to the Nespresso boutiques, the phase out of a few low margin DolceGusto models and the comparison with a particularly strong 2018 due to the launch of the *LattissimaOne* model.
Comfort closed the second quarter with an increase of 21.0% which helped to offset the weakness recorded in the first three months of the year linked to a different phasing in sales, above all in the United States where, in the latter part of 2018, sales of portable air conditioners were anticipated in preparation for increased tariffs. More in detail, the air conditioning season got off to a good started in Europe, particularly in northern Europe, which offset the unfavorable season for heating products in APA linked to a particularly mild winter.
Positive results were also posted by cleaning and iron products which reported growth of 13.8% in the half.
The performance for cooking products was still weak due to a general decline in the Group's main European markets where the Group maintained (or increased, in the case of the UK) its market share. Signs of recovery were reported in Germany and Austria and a very positive reversal in the trend was recorded in Poland.

The industrial margin grew by €8.7 million in the second quarter of 2019 and went from 46.2% of revenue to 46.4% which made it possible to partially offset the decline reported in the first quarter of 2019.
In the first half of 2019 the industrial margin amounted to €399.5 million or 47.2% of revenue (47.6% in the first half of 2018). The result reflects the negative exchange and price effect, linked to an extremely competitive market, as well as an increase in production costs which was offset by the positive mix effect.

EBITDA before non-recurring/stock option costs, which amounted to €97.8 million or 11.6% of revenue, benefitted for €9.6 million from the application of the new IFRS 16. Net of this effect, EBITDA before non-recurring/stock option costs would have reached €88.2 million (10.4% of revenue) as a result mainly of the negative performance posted in the first quarter, the overall negative exchange effect and an increase in expenses relating to tariffs and supply chain costs (equal to €5 million) incurred by the US branch in connection with the US – China trade dispute.

Net of the €1.0 million in costs for the stock option plan and non-recurring expenses of €1.4 million linked mainly to the ongoing commercial restructuring, EBITDA amounted to €95.5 million (or €85.8 million in normalized terms) in the half.

EBIT, after amortization and depreciation of €37.5 million including the portion of the right of use capitalized in accordance with IFRS 16, came to €58.0 million or 6.9% of revenue.

Financial expenses were €0.9 million lower, thanks primarily to the results of liquidity management, despite the impact of IFRS 16 application.

Profit pertaining to the Group amounted to €42.8 million after taxes of €7.0 million which were impacted by the recognition of both the patent box incentives and non-recurring deferred tax assets.

The net financial position came to €105.5 million at 30 June 2019, including the lease liabilities recognized in accordance with IFRS 16.
Net of IFRS 16 application, the normalized net financial position amounts to €183.1 million (€155.9 million at 30 June 2018 and €228.1 million at 31 December 2018), €188.3 million of which relating to the net position with banks (€157.0 million at 30 June 2018; €229.0 million at 31 December 2018).

Net operating cash flow before IFRS 16 application, positive for €14.1 million in the first half of 2019 (positive for €44.2 million in the same period of 2018), reflects, above all, the lower contribution made by current operations

and the temporary increase in working capital due mainly to the early payment of trade payables due to a different timing in procurement.
Total cash flow came to a negative €122.7 million in the half, of which €77.7 million stemming from IFRS 16 application. Net of the effect of IFRS 16 application, cash flow would have been negative for €45.0 million in the half (€94.7 million in the first half of 2018), an improvement attributable to a lower dividend payment (€55.3 million in the first half of 2019 versus €149.5 million in the same period 2018).

Global market conditions (Source: Bank of Italy/ ECB)

Underlying global growth momentum continued to soften in early 2019, notwithstanding better than expected results in some key advanced economies. In the first part of the year growth in the United States, Japan and United Kingdom was more robust than expected; however, this mostly reflected temporary factors.
Economic activity in the United States remained solid, despite the negative impact of the trade dispute with China and a less favorable external environment; the growth was sustained by the labor market, favorable financial conditions and fiscal stimulus, despite the negative impact that the partial government shutdown had on internal demand.
Higher growth was recorded in the United Kingdom in the first quarter of 2019 due to fiscal stimulus and the strong stock-building. The delay in the long awaited Brexit date, the strong stockpiling, along with the expansionary fiscal policy and the better than expected data on both consumption and private investment, fueled quarterly growth in the real GDP.
The economy in China continued to show signs of gradual weakening, mitigated by expansive monetary policies.
In Japan the overall dynamic remained moderate.
The central and eastern European countries are expected to slow slightly over the rest of the year.

The financial conditions in the advanced economies pointed to a largely stable situation which, however, hides two different dynamics: initially financial conditions improved as a result of the monetary policies adopted in the United States and other important advanced economies, but took a turn for the worse after the tariffs to be applied by the United States and China were announced. This also contributed to the tightening of financial conditions in China and, to a lesser degree, in other emerging economies.

The bilateral trade talks between the United States and China suffered a setback in early May. The US government announced its intention to apply tariffs of between 10 and 25 percent on Chinese imports amounting to 200 billion US dollars. This increase was originally to go into effect as of 1 January 2019, but was delayed two times: the first time because of a temporary hiatus agreed upon between the two countries at the beginning of December, and then again at the end of February when there were tangible signs that progress was being made in the bilateral trade talks. China reacted by increasing tariffs from levels of between 5 and 10 percent to between 10 and 25 percent on 60 billion dollars in US exports. The risk that the tensions will increase also exists as the US government has threatened to impose tariffs of 25 percent on the remaining Chinese imports. The possibility that the trade dispute between the two countries could intensify has increased uncertainty worldwide and weighs on investments. Moreover, the possibility that the United States imposes new tariffs on imports from other countries cannot be excluded.

Significant events

In the first half of 2019 the Group confirmed its commitment to projects aimed at supporting growth and improving margins involving the production platform, the commercial structures and the development of new products, as well as communications and marketing.

In terms of manufacturing, the first half of 2019 in Europe was characterized by maintaining production volumes in line with the first six months of 2018.
Investments needed to improve and update the Italian plant in order to improve time to market and the product mix continued, while a new division for the production of strategic parts for coffee machines was launched at the Romanian plant. In China, in order to improve efficiency and product quality, new technologies were implemented in the molding department. Investments in environmental improvements and workplace safety continued.

As for the commercial structure, in what is still a largely uncertain environment, the organizational model of the business in the UK and Ireland was revised in order to simplify trade flows in preparation for Brexit by centralizing distribution for northeastern Europe at the Italian commercial branch.

The reorganization of the business in unprofitable markets continued, which resulted in a change in the business model in Turkey, Brazil and Chile.

In the first half of 2019 the Group also continued with the communication initiatives already implemented last year to support the main brands. The communication was channeled through all touch points given the consumer's growing propensity for omni-channel approaches.
More in detail, the Group increased the focus on both physical (through implementation of the *Perfect Store* initiative) and digital (including by upgrading the brands' websites) touch points.
With regard to the De'Longhi brand, the main focus was on the high end coffee segment and the launch campaign for the top of the line *Maestosa* model and the continuous support of the *PrimaDonna* and *DinamicaPlus* lines.
As for the Kenwood brand, the communication initiatives were focused on completing and expanding the introduction of a new brand identity in order to support the brand's positioning.
With regard to the Braun brand, the investments were made above all in supporting the high end handblenders (MQ9) and completing the launch of the *CareStyle Compact* irons.
In the first half of 2019 the Group's communication team was involved in preparing the year-end campaigns which promise to be quite significant, with considerably higher investments compared to 2018, above all in coffee.

Important investments in the development and launch of new products continued in all the segments.
Looking at coffee, the Group was involved, in addition to the industrialization of a new fully automatic machine, in projects focused on the development of new solutions for the use of milk. The production of a new *Lattissima* model and a new Braun brand multibeverage machine was also begun.
In comfort the projects mainly involved product connectivity. The *Works with Alexa* certification for a portable air conditioner distributed in the United States was completed and the development and certification of a *Home kit Apple* for a new dehumidifier to be distributed in Europe beginning in September 2019 was also completed.
Connectivity was also one of the aspects worked on in the food preparation segment; toward this end the new *CookEasy+* was presented in France in May.
There were also projects undertaken to expand both the Kenwood and Braun brand breakfast collections.
As for irons, the development of the new Braun brand series 1 and 3 ironing systems was completed and the industrialization phase was begun.

In the first half further investments were made in the new building being built at the Treviso headquarters which will house R&D and corporate divisions and is expected to be completed by the end of 2020.

Group results

The reclassified consolidated income statement is summarized as follows:

(€/million)	1st half 2019	% revenues	1st half 2019 normalized (*)	% revenues	1st half 2018	% revenues
Revenues	**845.5**	**100.0%**	**845.5**	**100.0%**	**854.7**	**100.0%**
Change	*(9.2)*	*(1.1%)*	*(9.2)*	*(1.1%)*		
Materials consumed & other production costs (production services and payroll costs)	(446.0)	(52.8%)	(446.0)	(52.8%)	(447.6)	(52.4%)
Net industrial margin	**399.5**	**47.2%**	**399.5**	**47.2%**	**407.1**	**47.6%**
Services and other operating expenses	(210.1)	(24.8%)	(219.7)	(26.0%)	(209.9)	(24.6%)
Payroll (non-production)	(91.6)	(10.8%)	(91.6)	(10.8%)	(88.1)	(10.3%)
EBITDA before non-recurring/stock option costs	**97.8**	**11.6%**	**88.2**	**10.4%**	**109.1**	**12.8%**
Change	*(11.3)*	*(10.4%)*	*(20.9)*	*(19.2%)*		
Other non-recurring expenses/ stock option costs	(2.3)	(0.3%)	(2.3)	(0.3%)	(4.1)	(0.5%)
EBITDA	**95.5**	**11.3%**	**85.8**	**10.1%**	**105.0**	**12.3%**
Amortization	(37.5)	(4.4%)	(28.3)	(3.3%)	(27.1)	(3.2%)
EBIT	**58.0**	**6.9%**	**57.5**	**6.8%**	**77.9**	**9.1%**
Change	*(19.9)*	*(25.6%)*	*(20.4)*	*(26.2%)*		
Net financial income (expenses)	(8.2)	(1.0%)	(7.2)	(0.9%)	(9.1)	(1.1%)
Profit (loss) before taxes	**49.8**	**5.9%**	**50.3**	**5.9%**	**68.8**	**8.1%**
Taxes	(7.0)	(0.8%)	(7.0)	(0.8%)	(12.9)	(1.5%)
Net profit of *continuing operations*	**42.8**	**5.1%**	**43.3**	**5.1%**	**55.9**	**6.5%**

The net industrial margin reported in the reclassified income statement differs by Euro 82.7 million in the first half 2019 (Euro 81.9 million in the first half 2018) from the consolidated income statement; this is because, in order to represent period performance better, production-related payroll and service costs have been reclassified from payroll and services respectively. The nominal costs of the stock option plan, included in payroll costs, are shown separately in the above consolidated income statement.

(*) The 1st half 2019 consolidated financial figures were prepared in accordance to the requirements of the new IFRS 16 *Leases*. For sake of comparison, official data pertaining to 2019 were normalized by excluding the impacts of the adoption of IFRS 16; for further information, please refer to paragraph *Alternative performance indicators*.

Revenues

Net revenues amounted to €845.5 million in the first half of 2019, down slightly (-1.1%, -2.5% in organic terms) with respect to the first six months of 2018 (€854.7 million).
The positive signs of a recovery and a turnaround seen in the second quarter (+3.8% compared to the same period of the prior year) were recorded, albeit to different degrees, in all the geographic areas in which the Group operates. Sales in the first six months were, however, affected by the results recorded in the first quarter and numerous discontinuities.
Looking at coffee, sales of the fully automatic machines grew 7.2% (+12.4% in the second quarter) thanks also to the launch of the new high end *Maestosa* model. Sales for manual machines were positive with double-digit growth thanks to the launch in a few markets of the new *La Specialista* machine. Sales for Nespresso/DolceGusto products fell due to the interruption in direct sales to the boutiques, the phase out of a few models and, in comparative terms, the launch in early 2018 of the *Lattisima One* model.
Comfort, albeit with different results in the single markets, showed positive signs of recovery in the second quarter of 2019 (+21.0%) after a first quarter that suffered from a difficult comparison with the first quarter of the prior year linked to a different phasing in sales.
Sales for home care products and irons were positive, in both the half and the second quarter, while sales for food preparation products were still down.
The performance for cooking products was weak due to a general decline in the Group's main European markets where the Group maintained (or increased, in the case of the UK) its market share. Signs of recovery were reported in Germany and Austria and a very positive reversal in the trend was recorded in Poland.

Markets

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

(€/million)	1st half 2019	%	1st half 2018	%	Change	Change %
EUROPE	560.2	66.3%	551.4	64.5%	8.8	1.6%
APA (Asia / Pacific / Americas)	224.3	26.5%	238.5	27.9%	(14.1)	(5.9%)
MEIA (Middle East / India / Africa)	61.0	7.2%	64.9	7.6%	(3.9)	(6.0%)
Total revenues	**845.5**	**100.0%**	**854.7**	**100.0%**	**(9.2)**	**(1.1%)**

(€/million)	2nd quarter 2019	%	2nd quarter 2018	%	Change	Change %
EUROPE	298.0	63.5%	283.9	62.8%	14.1	5.0%
APA (Asia / Pacific / Americas)	137.3	29.3%	134.6	29.8%	2.7	2.0%
MEIA (Middle East / India / Africa)	33.8	7.2%	33.6	7.4%	0.2	0.7%
Total revenues	**469.1**	**100.0%**	**452.1**	**100.0%**	**17.0**	**3.8%**

Sales in **Europe** amounted to €560.2 million in the first half, a slight increase (+1.6%) compared to the same period of the prior year, showing good progress in the second quarter (+5.0%) thanks to the double-digit growth in France and Poland and the good performance recorded in Russia, Benelux and Germany.
Looking at the business lines, coffee confirmed its solidity despite the comparison with first half 2018 was impacted by, among other things, the discontinuities mentioned above. The summer season for comfort got off to a good start, particularly in northern markets. Sales of Braun brand products benefitted from the launch of the new *CareStyle Compact* and went well, above all, in Germany and Italy. The performance for cooking products was weak due to a general decline in the Group's main European markets where the Group maintained, and in some instances, increased its market share. Positive signals were recorded in Germany and Austria.

Double-digit growth was reported in Poland thanks to the performance of coffee and food preparation products. Very positive results were posted in France, driven by the sale of fully automatic machines, despite a very competitive market. There was a recovery in the UK, where revenues began to grow again in the second quarter despite pricing aimed at protecting margins and the uncertainty of Brexit. In Russia, Ukraine and other CIS countries the focus on improving the mix continued. The positive trend in sales was confirmed, even though the purchasing of a main client (in the process of consolidating its business after acquisitions) slowed in the first half, but then picked up in the beginning of the second half.

APA closed the half with €224.3 million in revenues, down by 5.9% compared to the first six months of the prior year, with signs of recovery in the second quarter (+2.0%).
The comparison of sales in the first six months of the year with the same period of 2018 reflects the interruption in the sale of a few low margin *DolceGusto* coffee machines referred to above. Sale for coffee products, supported by promotional activities, benefitted from the launch in a few markets of new models of the fully automatic *Dinamica* coffee machine and the semi-professional manual machine, *La Specialista*, as well as the launch on Australia of the high end fully automatic *Maestosa*.
Comfort suffered from a particularly mild winter which impacted sales in Australia, Japan and Greater China.
In the United States, where the Group's performance remains solid thanks to growth in the sale of coffee products, good sales growth was recorded in the second quarter. Sales in the half were in line with 2018 as sales of air conditioning products were anticipated in the latter part of 2018 in preparation for the expected increase in tariffs.

Sales in the **MEIA** region were down 6% compared to the same period of 2018, although a recovery was recorded in the second quarter which closed basically in line with the prior year. In South Africa the Group continued to focus on protecting, in an environment characterized by political instability and currency volatility, the margins particularly of product families that make the largest contribution and make it possible to maintain market leadership. In Turkey the commercial restructuring which calls for a simplified distribution model continued.
The region was affected by global market and political issues, above all in Saudi Arabia, and strong competition in EAU; sales increased in Africa (above all in Egypt).

Profitability

The industrial margin grew by €8.7 million in the second quarter of 2019 and went from 46.2% of revenue to 46.4% which made it possible to partially offset the decline reported in the first quarter of 2019.
In the first half of 2019 the industrial margin amounted to €399.5 million or 47.2% of revenue (47.6% in the first half of 2018). The result reflects the negative exchange and price effect, linked to an extremely competitive market, as well as an increase in production costs which was offset by the positive mix effect attributable to the growth of coffee.

EBITDA before non-recurring/stock option costs, which amounted to €97.8 million or 11.6% of revenue, benefitted for €9.6 million from the application of the new IFRS 16. Net of this effect, EBITDA before non-recurring/stock option costs would have reached €88.2 million (10.4% of revenue) due mainly to the negative performance posted in the first quarter and an increase in expenses (tariffs and supply chain costs) connected with the US – China trade dispute, as well as the negative exchange effect.

Net of the €1.0 million in costs for the stock option plan and non-recurring expenses of €1.4 million linked mainly to the ongoing commercial restructuring, EBITDA amounted to €95.5 million (or €85.8 million in normalized terms) in the half.

EBIT, after amortization and depreciation of €37.5 million including the portion of the right of use capitalized in accordance with IFRS 16, came to €58.0 million or 6.9% of revenue.

Financial expenses were €0.9 million lower, thanks primarily to the results of liquidity management, despite the impact of IFRS 16 application.

Net profit pertaining to the Group amounted to €42.8 million after taxes of €7.0 million which were impacted by the recognition of both the patent box incentives and non-recurring deferred tax assets.

Operating segment disclosures

The De'Longhi Group has identified three operating segments which coincide with the Group's three main business Regions: Europe, MEIA (Middle East, India and Africa) and APA (Asia, Pacific, America).
Each segment is responsible for all aspects of the Group's brands and serves different markets.

The results by operating segment can be found in the Explanatory Notes.

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)	30.06.2019	30.06.2019 normalized (*)	30.06.2018	31.12.2018
- Intangible assets	316.7	316.7	321.4	316.9
- Property, plant and equipment	316.0	238.9	234.5	237.2
- Financial assets	30.6	30.6	26.9	29.6
- Deferred tax assets	54.0	54.0	36.6	36.1
Non-current assets	**717.2**	**640.2**	**619.4**	**619.8**
- Inventories	477.9	477.9	458.6	404.8
- Trade receivables	251.2	251.2	247.5	429.3
- Trade payables	(325.5)	(325.5)	(380.3)	(419.8)
- Other payables (net of receivables)	(59.3)	(59.4)	(61.0)	(91.8)
Net working capital	**344.3**	**344.2**	**264.9**	**322.5**
Total non-current liabilities and provisions	**(106.2)**	**(106.2)**	**(102.5)**	**(104.4)**
Net capital employed	**955.4**	**878.2**	**781.8**	**837.8**
Net financial assets (**)	**(105.5)**	**(183.1)**	**(155.9)**	**(228.1)**
Total net equity	**1,060.8**	**1,061.3**	**937.7**	**1,065.9**
Total net debt and equity	**955.4**	**878.2**	**781.8**	**837.8**

(*)The 1st half 2019 consolidated financial figures were prepared in accordance to the requirements of the new IFRS 16 *Leases*. For sake of comparison, official data pertaining to 2019 were normalized by excluding the impacts of the adoption of IFRS 16; for further information, please refer to paragraph *Alternative performance indicators*.

(**) Net financial position as at 30 June 2019 includes €5.2 million in net financial liabilities (€1.0 million at 30 June 2018 in net financial liabilities; € 0.9 million at 31 December 2018 in net financial liabilities) relating to the fair value of derivatives and the financial debt connected to business combinations and pension fund. As at 30 June 2019 the net financial position includes lease liabilities for €77.7 millions recognized in accordance to IFRS 16.

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

Normalized net working capital came to €344.2 million at 30 June 2019 (€264.9 million at 30 June 2018 and €322.5 million at 31 December 2018) and rose as a percentage of rolling revenues from 13.2% at the end of June 2018 to 16.6%. Trade receivables were largely in line with 30 June 2018; inventory was higher compared to 2018, but decreasing gradually compared to previous periods due to steps taken in the last few months to reduce surplus stock; the drop in trade payables, particularly noticeable in the 12 month period, reflects a different timing in procurement (completed already at the end of 2018) and paid by the end of the half.
This phenomenon should slow in the coming months, as the current product inventory is sold, which will benefit cash flow.

Details of the net financial position are as follows:

(€/million)	30.06.2019	30.06.2019 normalized (*)	30.06.2018	31.12.2018
Cash and cash equivalents	473.3	473.3	490.0	569.3
Other financial receivables	53.9	53.5	28.2	54.2
Current financial debt	(144.5)	(126.6)	(101.0)	(156.1)
Net current financial position	**382.7**	**400.2**	**417.3**	**467.5**
Non-current financial debt	**(277.2)**	**(217.1)**	**(261.3)**	**(239.4)**
Total net financial position	**105.5**	**183.1**	**155.9**	**228.1**
of which:				
- positions with banks and other financial payables	*188.3*	*188.3*	*157.0*	*229.0*
- lease liabilities	*(77.7)*	-	-	-
- other financial non-bank assets/liabilities (fair value of derivatives, financial debt connected to business combinations and pension fund)	*(5.2)*	*(5.2)*	*(1.0)*	*(0.9)*

(*) The 1st half 2019 consolidated financial figures were prepared in accordance to the requirements of the new IFRS 16 *Leases*. For sake of comparison, official data pertaining to 2019 were normalized by excluding the impacts of the adoption of IFRS 16; for further information, please refer to paragraph *Alternative performance indicators*.

The net financial position came to a positive €105.5 million at 30 June 2019, including the lease liabilities recognized in accordance with IFRS 16.
Net of IFRS 16 application, the normalized net financial position would have been positive for €183.1 million (€155.9 million at 30 June 2018 and €228.1 million at 31 December 2018).

The net financial position reflects a few specific financial items, including primarily the fair value measurement of derivatives and the residual debt owed on business combinations which show a negative balance of €5.2 million at 30 June 2019 (negative for €1.0 million at 30 June 2018 and €0.9 million at 31 December 2018).
Net of these items, the net position with banks reached €188.3 million at 30 June 2019, with outflows of €40.7 million recorded in the half (versus €114.2 million in the first six months of 2018), which includes the dividends paid in the half.

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

(€/million)	30.06.2019 (6 months)	30.06.2018 (6 months)	31.12.2018 (12 months)
Cash flow by current operations	79.5	98.9	289.5
Cash flow by changes in working capital	(36.1)	(26.1)	(111.3)
Cash flow by investment activities	(29.2)	(28.6)	(66.4)
Cash flow by operating activities normalized before IFRS 16 application	**14.1**	**44.2**	**111.8**
Lease liabilities IFRS 16	(77.7)	-	-
Cash flow by operating activities	**(63.6)**	**44.2**	**111.8**
Dividends paid	(55.3)	(149.5)	(149.5)
Cash flow by changes in *Fair value* and *Cash flow hedge* reserves	(2.1)	6.1	5.0
Cash flow by other changes in net equity	(1.7)	4.5	10.3
Cash flow absorbed by changes in net equity	**(59.1)**	**(138.8)**	**(134.3)**
Cash flow for the period	**(122.7)**	**(94.7)**	**(22.5)**
Opening net financial position	228.1	250.6	250.6
Closing net financial position	**105.5**	**155.9**	**228.1**

Net operating cash flow before IFRS 16 application, positive for €14.1 million in the first half of 2019 (positive for €44.2 million in the same period of 2018), reflects, above all, a drop in the contribution made by current operations and the temporary increase in working capital described above.
Total cash flow came to a negative €122.7 million in the half, of which €77.7 million stemming from IFRS 16 application. Net of the effect of IFRS 16 application, cash flow would have been negative for €45.0 million in the half (€94.7 million in the first half of 2018), an improvement attributable to a lower dividend payment (€55.3 million in the first half of 2019 versus €149.5 million in the same period 2018).

Human resources

The De'Longhi Group had 8,178 employees at 30 June 2019, broken down as follows:

	30.06.2019	30.06.2018
Blue collars	5,052	5,576
White collars	2,870	2,878
Managers	256	262
Total	**8,178**	**8,716**

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 and stock option costs, 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, 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 severance indemnity and provisions for contingencies and other charges.
- Net debt/(net financial position): this measure represents 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.

The figures contained in this report, 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.

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

	1st half 2019 (6 months)			2nd quarter 2019 (3 months)		
	Official figures	IFRS 16 impacts	Normalized figures	Official figures	IFRS 16 impacts	Normalized figures
EBITDA before non – recurring /stock option costs	97.8	(9.6)	88.2	61.3	(4.9)	56.4
% revenues	*11.6%*		*10.4%*	*13.1%*		*12.0%*
EBIT	58.0	(0.5)	57.5	41.4	(0.2)	41.1
% revenues	*6.9%*		*6.8%*	*8.8%*		*8.8%*
Profit before taxes	49.8	0.5	50.3	38.2	0.2	38.3

			as at 30.06.2019
	Official figures	IFRS 16 impacts	Normalized figures
Net capital employed	955.4	(77.2)	878.2
Net financial assets	105.5	77.7	183.1
Net equity	1,060.8	0.4	1,061.3

Reconciliation of net equity and profit (loss) for the period

Below is a concise reconciliation between net equity and profit of the parent company, De'Longhi S.p.A., and the figures shown in the consolidated financial statements:

(€/thousands)	Net equity 30.06.2019	Profit for 1st half 2019
De'Longhi S.p.A. financial statements	**506,470**	**76,288**
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	588,106	(25,506)
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	16,700	(954)
Elimination of intercompany profits	(49,838)	(7,259)
Other adjustments	(612)	277
Consolidated financial statements	**1,060,826**	**42,846**

Related party transactions

Related party transactions fall within the normal course of business by Group companies.
Information on related party transactions is summarized in Appendix 3 to the Explanatory notes.

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, paragraphs 8, 71, and 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.

With regard to the main risks and uncertainties to which the Group is exposed, the Report on Corporate Governance and Ownership Structure and anything that is not expressly described in this report, reference should be made to the 2018 Annual Report.

Subsequent events

There have been no significant events since the end of the reporting period.

Outlook

On the basis of the trend recorded in the second quarter, the Group reiterates the guidance for the year previously released of an organic revenues' growth between 2% and 4% and an EBITDA before non recurring/stock option costs slightly below last year, in absolute terms and on a normalized basis.

Treviso, 30 July 2019

For the Board of Directors
Vice Chairman and Chief Executive Officer

Fabio de' Longhi

CONSOLIDATED INCOME STATEMENT

(€/000)	*Notes*	1st half 2019	*of which non-recurring*	1st half 2018	*of which non-recurring*
CONTINUING OPERATIONS					
Revenues from contracts with customers	*1-8*	834,787		844,719	
Other revenues	*1*	10,748		9,992	
Total consolidated revenues		***845,535***		***854,711***	
Raw and ancillary materials, consumables and goods	*2*	(434,029)		(493,341)	
Change in inventories of finished products and work in progress	*3-8*	67,704		116,610	
Change in inventories of raw and ancillary materials, consumables and goods	*3*	3,019		11,031	
Materials consumed		***(363,306)***		***(365,700)***	
Payroll costs	*4-8*	(135,528)	*(604)*	(135,020)	*(2,184)*
Services and other operating expenses	*5-8-15*	(243,592)	*(575)*	(241,447)	-
Provisions	*6*	(7,649)	*(200)*	(7,548)	-
Amortization	*7-15*	(37,471)		(27,101)	
EBIT		**57,989**	***(1,379)***	**77,895**	***(2,184)***
Net financial income (expenses)	*9-15*	(8,175)		(9,066)	
PROFIT (LOSS) BEFORE TAXES		**49,814**		**68,829**	
Income taxes	*10*	(6,968)		(12,904)	
NET PROFIT (LOSS) FROM Continuing Operations		**42,846**		**55,925**	
DISCONTINUED OPERATIONS					
Net profit (loss) from Discontinued Operation		-		(312)	
CONSOLIDATED PROFIT (LOSS) AFTER TAXES		**42,846**		**55,613**	
EARNINGS PER SHARE (in Euro)	*26*				
- basic		**€ 0.29**		**€ 0.37**	
- diluted		**€ 0.28**		**€ 0.37**	

In accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, in light of the industrial partnership agreement which called for the sale of the controlling interest of NPE S.r.l., with reference to first half 2018, the figures for assets held for sale are shown separately. In this report Continuing Operations refers to the results for the consolidation perimeter excluding NPE S.r.l..

Appendix 3 reports the effect of related party transactions on the income statement, as required by CONSOB Resolution 15519 of 27 July 2006.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	1st half 2019	1st half 2018
Consolidated profit (loss)	**42,846**	**55,613**
Other components of comprehensive income from Continuing Operations:		
- Change in fair value of cash flow hedges and financial assets available for sale	(2,096)	6,135
- Tax effect on change in fair value of cash flow hedges and financial assets available for sale	487	(1,446)
- Differences from translating foreign companies' financial statements into Euro	8,004	3,059
Total other comprehensive income will subsequently be reclassified to profit (loss) for the year	***6,395***	***7,748***
Total other comprehensive income will not subsequently be reclassified to profit (loss) for the year	***8***	***-***
Total components of comprehensive income from Continuing Operations	**6,403**	**7,748**
Total components of comprehensive income from Discontinued Operations	**-**	**299**
Other components of comprehensive income	**6,403**	**8,047**
Total comprehensive income	**49,249**	**63,660**

In accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, in light of the industrial partnership agreement which called for the sale of the controlling interest of NPE S.r.l., with reference to first half 2018, the figures for assets held for sale are shown separately. In this report Continuing Operations refers to the results for the consolidation perimeter excluding NPE S.r.l..

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	*Notes*	**30.06.2019**	**31.12.2018**
NON-CURRENT ASSETS			
INTANGIBLE ASSETS		316,682	316,855
- Goodwill	*11*	92,400	92,400
- Other intangible assets	*12*	224,282	224,455
PROPERTY, PLANT AND EQUIPMENT		314,740	236,099
- Land, property, plant and machinery	*13*	138,845	141,733
- Other tangible assets	*14*	98,810	94,366
- Right-of-use assets	*15*	77,085	-
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS		30,622	29,597
- Equity investments	*16*	27,195	26,169
- Receivables	*17*	3,427	3,428
- Other non-current financial assets		-	-
DEFERRED TAX ASSETS	*18*	53,951	36,087
TOTAL NON-CURRENT ASSETS		715,995	618,638
CURRENT ASSETS			
INVENTORIES	*19*	477,858	404,829
TRADE RECEIVABLES	*20*	251,248	429,294
CURRENT TAX ASSETS	*21*	12,757	18,234
OTHER RECEIVABLES	*22*	30,726	26,607
CURRENT FINANCIAL RECEIVABLES AND ASSETS	*23-15*	53,882	54,242
CASH AND CASH EQUIVALENTS	*24*	473,261	569,327
TOTAL CURRENT ASSETS		1,299,732	1,502,533
Non-current assets held for sale	*25*	1,248	1,121
TOTAL ASSETS		**2,016,975**	**2,122,292**

Appendix 3 reports the effect of related party transactions on the income statement, as required by CONSOB Resolution 15519 of 27 July 2006.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NET EQUITY AND LIABILITIES (€/000)	Notes	30.06.2019	31.12.2018
NET EQUITY			
GROUP PORTION OF NET EQUITY		1,060,826	1,065,925
- Share capital	26	224,250	224,250
- Reserves	27	793,730	656,973
- Profit (loss) pertaining to the Group		42,846	184,702
NON-CURRENT LIABILITIES			
FINANCIAL PAYABLES		277,206	239,361
- Bank loans and borrowings (long-term portion)	28	62,934	84,915
- Other financial payables (long-term portion)	29	154,161	154,446
- Lease liabilities (long-term portion)	15	60,111	-
DEFERRED TAX LIABILITIES	18	34,539	33,966
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		71,648	70,468
- Employee benefits	30	35,642	33,968
- Other provisions	31	36,006	36,500
TOTAL NON-CURRENT LIABILITIES		383,393	343,795
CURRENT LIABILITIES			
TRADE PAYABLES	32	325,530	419,795
FINANCIAL PAYABLES		144,481	156,087
- Bank loans and borrowings (short-term portion)	28	96,380	101,765
- Other financial payables (short-term portion)	29	30,175	54,322
- Lease liabilities (short-term portion)	15	17,926	-
CURRENT TAX LIABILITIES	33	31,186	38,506
OTHER PAYABLES	34	71,559	98,184
TOTAL CURRENT LIABILITIES		572,756	712,572
TOTAL NET EQUITY AND LIABILITIES		**2,016,975**	**2,122,292**

Appendix 3 reports the effect of related party transactions on the income statement, as required by CONSOB Resolution 15519 of 27 July 2006.

CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	1st half 2019	1st half 2018
Profit (loss) pertaining to the Group		42,846	55,925
Income taxes for the period		6,968	12,904
Amortization		28,303	27,101
Result from IFRS16 Leases application		451	-
Net change in provisions and other non-cash items		891	2,928
Cash flow generated by current operations from Discontinued Operations		-	664
Cash flow generated by current operations (A)		**79,459**	**99,522**
Change in assets and liabilities for the period:			
Trade receivables		185,634	152,136
Inventories		(70,722)	(127,652)
Trade payables		(95,501)	11,404
Other changes in net working capital		(39,965)	(44,381)
Payment of income taxes		(15,564)	(17,575)
Cash flow absorbed by movements in working capital from Discontinued Operations		-	(1,346)
Cash flow absorbed by movements in working capital (B)		**(36,118)**	**(27,414)**
Cash flow generated by current operations and movements in working capital (A+B)		**43,341**	**72,108**
Investment activities:			
Investments in intangible assets		(6,489)	(6,309)
Other cash flows for intangible assets		100	134
Investments in property, plant and equipment		(23,499)	(22,726)
Other cash flows for property, plant and equipment		645	450
Net investments in financial assets and in minority interest		-	(168)
Cash flow absorbed by investment activities from Discontinued Operations		-	(2,227)
Cash flow absorbed by ordinary investment activities (C)		**(29,243)**	**(30,846)**
Cash flow by operating activities (A+B+C)		**14,098**	**41,262**
Dividends paid		(55,315)	(149,500)
Change in currency translation reserve on cash and cash equivalents		(1,261)	6,245
New loans		-	-
Payment of interests on loans		(1,375)	(1,396)
Repayment of loans and other net changes in sources of finance		(52,213)	(74,243)
Cash flow generated by changes in net equity and by financing activities from Discontinued Operations		-	5,942
Cash flow absorbed by changes in net equity and by financing activities (D)		**(110,164)**	**(212,952)**
Cash flow for the period (A+B+C+D)		**(96,066)**	**(171,690)**
Opening cash and cash equivalents	24	**569,327**	**667,998**
Change in cash and cash equivalents (A+B+C+D)		(96,066)	(171,690)
Closing cash and cash equivalents	24	**473,261**	**496,308**
Of which:			
Cash and cash equivalents included as Discontinued Operations		-	6,307
Cash and cash equivalents as reported in the statement of financial position from Continuing Operations		**473,261**	**490,001**

In accordance with IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, in light of the industrial partnership agreement which called for the sale of the controlling interest of NPE S.r.l., with reference to first half 2018, the figures for assets held for sale are shown separately. In this report Continuing Operations refers to the results for the consolidation perimeter excluding NPE S.r.l..

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

(€/000)	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	EXTRAORDINARY RESERVE	FAIR VALUE AND CASH FLOW HEDGE RESERVES	STOCK OPTION RESERVE	CURRENCY TRANSLATION RESERVE	PROFIT (LOSS) CARRIED FORWARD	PROFIT (LOSS) PERTAINING TO GROUP	GROUP PORTION OF NET EQUITY	MINORITY INTERESTS	TOTAL NET EQUITY
Balance at 31 December 2017	**224,250**	**162**	**25,229**	**19,821**	**(2,969)**	**4,083**	**10,632**	**562,258**	**178,263**	**1,021,729**	**-**	**1,021,729**
Allocation of 2017 result as per AGM resolution of 19 April 2018												
- distribution of dividends								(149,500)		(149,500)		(149,500)
- allocation to reserves			8,731	16,380				153,152	(178,263)	-		-
Fair value Stock Option						1,925				1,925		1,925
Other changes in minority interests										-		-
Movements from transactions with shareholders	**-**	**-**	**8,731**	**16,380**	**-**	**1,925**	**-**	**3,652**	**(178,263)**	**(147,575)**	**-**	**(147,575)**
Profit (loss) after taxes									55,613	55,613		55,613
Other components of comprehensive income					4,988		3,059			8,047		8,047
Comprehensive income (loss)	**-**	**-**	**-**	**-**	**4,988**	**-**	**3,059**	**-**	**55,613**	**63,660**	**-**	**63,660**
Balance at 30 June 2018	**224,250**	**162**	**33,960**	**36,201**	**2,019**	**6,008**	**13,691**	**565,910**	**55,613**	**937,814**	**-**	**937,814**
Balance at 31 December 2018	**224,250**	**162**	**33,960**	**36,201**	**735**	**7,932**	**11,596**	**566,387**	**184,702**	**1,065,925**	**-**	**1,065,925**
Allocation of 2018 result as per AGM resolution of 30 April 2019												
- distribution of dividends								(55,315)		(55,315)		(55,315)
- allocation to reserves			8,613	108,337				67,752	(184,702)	-		-
Fair value Stock Option						967				967		967
Other changes in minority interests										-		-
Movements from transactions with shareholders	**-**	**-**	**8,613**	**108,337**	**-**	**967**	**-**	**12,437**	**(184,702)**	**(54,348)**	**-**	**(54,348)**
Profit (loss) after taxes									42,846	42,846		42,846
Other components of comprehensive income					(1,609)		8,004	8		6,403		6,403
Comprehensive income (loss)	**-**	**-**	**-**	**-**	**(1,609)**	**-**	**8,004**	**8**	**42,846**	**49,249**	**-**	**49,249**
Balance at 30 June 2019	**224,250**	**162**	**42,573**	**144,538**	**(874)**	**8,899**	**19,600**	**578,832**	**42,846**	**1,060,826**	**-**	**1,060,826**

EXPLANATORY NOTES

GROUP BUSINESS

The De'Longhi Group is headed up by the parent De'Longhi S.p.A., a company with its registered office in Treviso whose shares are listed on the Italian stock exchange run by Borsa Italiana.
The Group is active in the production and distribution of coffee machines, small appliances for food preparation and cooking, domestic cleaning and ironing, air conditioning and portable heaters; the companies included in the scope of consolidation are listed in Appendix 1 to the Explanatory notes.

ACCOUNTING STANDARDS

The half-year financial report includes the condensed consolidated financial statements, which have been prepared in accordance with IFRS (International Financial Reporting Standards) and particularly with the recommendations of IAS 34 – *Interim Financial Reporting*, which requires interim financial statements to be prepared in a condensed format with fewer disclosures than in annual financial statements.

The half-year condensed consolidated financial statements at 30 June 2019 comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the statement of changes in net equity, all of which have been prepared in a full format that is comparable with the annual consolidated financial statements.
The explanatory notes are presented in a condensed format and, therefore, are limited to the information needed by users to understand the financial statements for the first half of 2019.

These financial statements are presented in thousands of Euro, unless otherwise indicated.

The half-year condensed consolidated financial statements have used the same consolidation procedures and accounting policies as those described in the annual report, to which the reader should refer.
The consolidated financial figures were prepared using the same accounting policies as those used to prepare the consolidated financial statements at 31 December 2018 except for IFRS 16 *Leases* applicable beginning on 1 January 2019. The Group did not apply any new standards, interpretations or amendments endorsed, but not yet applicable, in advance.

The publication of the half-year condensed consolidated financial statements for the period ended 30 June 2019 was authorized by the Board of Directors on 30 July 2019.

International accounting standards applied for the first time by the Group

IFRS 16 *Leases* was adopted by the EU in Regulation 2017/1986 on 31 October 2017. The new standard is applicable for reporting periods beginning on or after 1 January 2019.
The scope of the new principle is largely unchanged with respect to IAS 17 which it is substituting. The biggest change is the elimination for the lessee of the distinction between financial and operating leases, which was part of IAS 17, and establishes a single category and requires a uniform accounting treatment. Leasing includes those contracts which convey the right to control the use of an identified asset for a period of time in exchange for the consideration agreed upon. Based on the new standard, therefore, in addition to the identification of the leased asset, the contract must clearly state that the lessee is entitled to direct the identified asset's use and to obtain substantially all the economic benefits from that use. The asset may be identified explicitly or implicitly, or an asset can also be a portion of a larger asset if this portion is physically distinct; furthermore, the asset is identified if the supplier does not have substantive right of substitution throughout the contract term. With regard to obtaining all the economic benefits deriving from the use of the asset, the lessee's specific right-of-use contemplated in the contract must be considered (ex. use of the asset in a specific place, use of the asset for a certain number of hours*).* Control of the asset exists when the lessee can direct the use of the asset without changes being made by the supplier or if the way in which and the purpose for which the asset is to be used has been predetermined. The lessee's right to direct usage of the asset will not be forfeited in the event the supplier only maintains protective

rights which make it possible to protect the asset and personnel, as well as comply with the law. Lastly, the new standard provides certain exemptions, as well as practical measures which facilitate application. The lessee may decide to not apply IFRS 16 to leases of less than 12 months which do not provide for renewal options and to contracts relating to assets of marginal value like tablets, personal computers, small office furniture and telephones; in this instance the accounting of the contracts needs to comply with the part of IAS 17 relative to operating leases, meaning the consideration needs to be expensed across the life of the contract or using another systematic approach. Similar contracts may be grouped and accounted for together if application of the standard to each contract would not have a significantly different impact on the financial statements. The lessee must recognize the right-of-use asset and the lease liability as of the effective date. The right-of-use asset must be valued at cost comprehensive of the present value of future payments, the initial costs incurred directly by the lessee, any advance lease payments made and the estimate of the costs for elimination, removal and restoration; the asset value must be systematically depreciated in accordance with IAS 16. The liability must equal the present value of the payments payable over the term of the lease discounted at the interest rate implicit in the lease, if easily determined, or alternatively, at the incremental borrowing rate which is the rate that the lessee would pay on a loan with a similar duration and conditions. In the event the lease term, purchase options, the residual value guaranteed, or variable payments based on indices or rates, are redetermined, the lease liability must be restated.
With regard to transition, IFRS 16 provides two possible approaches: the full retrospective approach, based on which the new provisions are applied retroactively to each previous year in which IAS 8 was applied; and the modified retrospective approach, based on which the new standard is applied retroactively by recognizing the cumulative effect of initial application as an adjustment to the opening balance of retained earnings.

De'Longhi Group has adopted the new standard beginning on 1 January 2019 using the modified retrospective approach based on which the recognized amount of the right-to-use asset should equal the lease liability, namely equal to the present value of the remaining payments discounted using the incremental borrowing rate at the date of initial application, without restating the comparative figures.
The Group has applied the provision which allows for the new definition of leasing not to be applied during the transition phase. The Group, therefore, has not applied the standard to contracts which were not already identified as leases under IAS 17 and IFRIC 4.
Another expedient, which allows for the exclusion of initial direct costs stemming from the right-of-use measurement of assets upon first time application of IFRS 16, was also applied. In addition, the Group decided not to recognize leases whose terms ends within twelve months as at 1 january 2019 by using short-term lease accounting.
The incremental borrowing rate – IBR used at the time of initial application was based on the Parent Company De'Longhi S.p.A.'s average cost of borrowing at 31 December 2018 adjusted to reflect the country where the leased asset is located, as well as the currency in which the lease is denominated.
The Group also took into account cash outflows to which it is potentially exposed which are not taken into account when measuring lease liabilities linked to variable payments linked to current leases, extension and termination options, as well as guarantees on residual amounts.

Subsequent to IFRS 16 application, new assets (reported separately in the consolidated statement of financial position) and related financial liabilities (the lease obligations) are recognized in the net financial position as nonbanking items. The value of the right-of-use is depreciated and interest recognized, while costs represented by the lease payments made are eliminated.
For further information, please refer to note *15 – Leasing.*
Other leases in which the Group is lessor had no a material impact.

With Regulation 2018/498 of 22 March 2018 the European Commission also adopted amendments to IFRS 9 *Financial Instruments – Prepayment Features with Negative Compensation* in order to clarify the classification of certain prepayable financial assets when IFRS 9 is applied.
On 23 October 2018 Regulation 2018/1595 adopted IFRIC 23 *Uncertainty over income tax treatments* which clarifies the accounting for uncertainties in income taxes in certain situations.

On 8 February 2019 Regulation 2019/237 was approved which amends IAS 28: *Interests in Associates and Joint Ventures.* The amendments aim to clarify the application of IFRS 9 when accounting for long-term interests in associates or joint ventures that form part of the net investment in the associate or joint venture.

On 12 December 2017 IASB published *Annual Improvements to IFRSs 2015-2017 Cycle*, as part of a routine procedure to streamline and clarify international accounting standards in order to resolve questions that aren't urgent relating to inconsistencies or provide clarifications of certain terms.

On 7 February 2018 IASB published a few amendments to IAS 19 - *Employee Benefits*. The document "*Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*" as part of a routine procedure to streamline and clarify international accounting standards. The purpose of the amendments is to clarify how to redetermine net liabilities (assets) of a defined benefit plan for the period remaining after a defined benefit plan has been changed, reduced or terminated. These amendments were endorsed by the European Commission which adopted them in Regulation 402/2019 of 13 March 2019.

International financial reporting standards and/or interpretations not yet endorsed by the European Union

After a long consultation period, on 18 May 2017 the IASB issued a new international accounting standard, IFRS 17 *Insurance contracts* which substitute the current IFRS 4. The new standard establishes rules for the recognition, measurement, presentation and disclosure of insurance contracts; it will be applied to all insurance contracts which will be measured using estimates for future cash flows, adjusted for risk, and a Contractual Service Margin (CSM). Once the standard is endorsed by the European Union, the new standard will be applicable beginning on or after 1 January 2021.

In September 2017 the IASB published *Practice Statement 2 Making Materiality Judgements* which provides companies with non-binding guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IAS/IFRS international accounting standards; the statement begins with the definition of material information. Information is deemed material if omitting it or misstating it could influence the decisions made by the user and provides a practical 4-step guide to a systematic approach to identify material information.

Estimates

These half-year financial statements, prepared in accordance with IFRS, contain estimates and assumptions made by the Group relating to assets and liabilities, costs, revenues, other comprehensive gains/losses and contingent liabilities at the reporting date. These estimates are based on past experience and assumptions considered to be reasonable and realistic, based on the information available at the time of making the estimate.
The assumptions relating to these estimates are periodically reviewed and the related effects reflected in the income statement in the same period: actual results could therefore differ from these estimates.
For more information about the principal assumptions used by the Group see the section "Estimates and Assumptions" found in the notes to the consolidated financial statements at 31 December 2018.
The more complex valuations, including relative to the loss in value of non-current assets, are typically completed when the annual report is being prepared as all the necessary information is available, with the exception of any instances when impairment indicators evidence loss in value.
Similarly, the actuarial valuations needed to determine the provisions relative to employee benefits are normally carried out at year-end, when the annual report is prepared, with the exception of when a plan is amended or liquidated.

Translation of balances in foreign currencies

The following exchange rates have been used:

Currency		30.06.2019		30.06.2018		Change %	
		Period-end exchange rate (*)	Average exchange rate (*)	Period-end exchange rate (*)	Average exchange rate (*)	Period-end exchange rate	Average exchange rate
US dollar	USD	1.13800	1.12975	1.16580	1.21083	(2.4%)	(6.7%)
British pound	GBP	0.89655	0.87359	0.88605	0.87973	1.2%	(0.7%)
Hong Kong dollar	HKD	8.88660	8.86088	9.14680	9.49015	(2.8%)	(6.6%)
Chinese renminbi (Yuan)	CNY	7.81850	7.66698	7.71700	7.70997	1.3%	(0.6%)
Australian dollar	AUD	1.62440	1.60018	1.57870	1.56932	2.9%	2.0%
Canadian dollar	CAD	1.48930	1.50665	1.54420	1.54637	(3.6%)	(2.6%)
Japanese yen	JPY	122.60000	124.29332	129.04000	131.61065	(5.0%)	(5.6%)
Malaysian ringgit	MYR	4.70820	4.65388	4.70800	4.76773	(0.0%)	(2.4%)
New Zealand dollar	NZD	1.69600	1.68152	1.72470	1.69088	(1.7%)	(0.6%)
Polish zloty	PLN	4.24960	4.29195	4.37320	4.22003	(2.8%)	1.7%
South African rand	ZAR	16.12180	16.04392	16.04840	14.88948	0.5%	7.8%
Singapore dollar	SGD	1.53950	1.53543	1.58960	1.60583	(3.2%)	(4.4%)
Russian rouble	RUB	71.59750	73.72150	73.15820	71.98022	(2.1%)	2.4%
Turkish lira	TRY	6.56550	6.35427	5.33850	4.95512	23.0%	28.2%
Czech koruna	CZK	25.44700	25.68380	26.02000	25.49727	(2.2%)	0.7%
Swiss franc	CHF	1.11050	1.12943	1.15690	1.16970	(4.0%)	(3.4%)
Brazilian real	BRL	4.35110	4.34067	4.48760	4.14135	(3.0%)	4.8%
Croatian kuna	HRK	7.39730	7.41988	7.38600	7.41808	0.2%	0.0%
Ukrainian hryvnia	UAH	29.76540	30.41478	30.68680	32.37402	(3.0%)	(6.1%)
Romanian leu	RON	4.73430	4.74203	4.66310	4.65447	1.5%	1.9%
South Korean won	KRW	1,315.35000	1,295.05667	1,296.72000	1,302.94000	1.4%	(0.6%)
Chilean peso	CLP	773.85000	763.12833	757.26000	740.17167	2.2%	3.1%
Swedish krona	SEK	10.56330	10.51873	10.45300	10.15193	1.1%	3.6%
Mexican peso	MXN	21.82010	21.65390	22.88170	23.08025	(4.6%)	(6.2%)

(*) Source: Bank of Italy

CHANGE IN THE SCOPE OF CONSOLIDATION

There were no significant changes in the scope of consolidation in the first half of 2019.

SEASONALITY OF BUSINESS

The Group's business is traditionally seasonal, with first-half revenues and profit proportionately lower than those of the year as a whole.

COMMENTS ON THE INCOME STATEMENT

1. REVENUES

Revenues, comprising revenues from sales and services and other revenues, are broken down by geographical area as follows:

	1st half 2019	% of revenues	1st half 2018	% of revenues	Change	Change %
EUROPE	560,178	66.3%	551,357	64.5%	8,822	1.6%
APA (Asia/Pacific/Americas)	224,346	26.5%	238,471	27.9%	(14,125)	(5.9%)
MEIA (Middle East/India/Africa)	61,011	7.2%	64,883	7.6%	(3,873)	(6.0%)
Total	**845,535**	**100.0%**	**854,711**	**100.0%**	**(9,176)**	**(1.1%)**

More details about revenues by operating segment can be found in note *39. Operating segments*.

"Other revenues" are broken down as follows:

	1st half 2019	1st half 2018	Change
Freight reimbursement	1,857	1,916	(59)
Commercial rights	1,353	812	541
Damages reimbursed	315	1,056	(741)
Grants and contributions	676	736	(60)
Other income	6,547	5,472	1,075
Total	**10,748**	**9,992**	**756**

With regard to Law n. 124 of 4 August 2017, which regulates transparency in public funding, the item "Grants and contributions" includes income of €173 thousand stemming from the incentives granted by Gestore dei Servizi Energetici GSE S.p.A. for the production of energy at the Mignagola (TV) plant through photovoltaic systems connected to the grid.

2. RAW AND ANCILLARY MATERIALS, COMSUMABLES AND GOODS

The break down is as follows:

	1st half 2019	1st half 2018	Change
Parts	210,653	236,057	(25,404)
Finished products	175,431	210,183	(34,752)
Raw materials	38,960	39,291	(331)
Other purchases	8,985	7,810	1,175
Total	**434,029**	**493,341**	**(59,312)**

3. CHANGE IN INVENTORIES

The difference between the overall change in inventories reported in the income statement and the change in balances reported in the statement of financial position, is mainly due to differences arising on the translation of foreign subsidiaries financial statements.

4. PAYROLL COSTS

These costs include €42,362 thousand in production-related payroll (€42,839 thousand at 30 June 2018).
The figures relating to the cost of employee benefits provided by certain Group companies in Italy and abroad are reported in note *30. Employee Benefits*.

The item includes €967 thousand relating to the notional cost (fair value) of the stock option plan; please refer to note *27. Reserves* for more information.
In first half 2019 payroll costs included non-recurring expenses of €604 thousand incurred for structural reorganization of the Group (€ 2.184 thousand in first half 2018).

The Group's workforce at 30 June 2019 can be broken down as follows:

	30.06.2019	30.06.2018
Blue collars	5,052	5,576
White collars	2,870	2,878
Managers	256	262
Total	**8,178**	**8,716**

5. SERVICES AND OTHER OPERATING EXPENSES

These are detailed as follows:

	1st half 2019	1st half 2018	Change
Advertising and promotional expenses	87,238	84,102	3,136
Transport (for purchases and sales)	37,228	37,972	(744)
Subcontracted work	22,627	21,514	1,113
Consulting services	10,136	9,710	426
Rentals and leasing	8,711	16,294	(7,583)
Technical support	7,468	5,682	1,786
Storage and warehousing	6,983	6,733	250
Travel	6,549	7,049	(500)
Power	4,487	4,436	51
Insurance	4,479	4,189	290
Commissions	2,581	3,191	(610)
Maintenance	2,042	1,939	103
Directors and statutory auditors' emoluments	1,928	1,692	236
Postage, telegraph and telephones	1,836	1,771	65
Other utilities and cleaning fees, security, waste collection	1,548	1,569	(21)
Other sundry services	15,475	15,654	(179)
Total services	**221,316**	**223,497**	**(2,181)**
Sundry taxes	18,834	15,815	3,019
Other	3,442	2,135	1,307
Total other operating expenses	**22,276**	**17,950**	**4,326**
Total	**243,592**	**241,447**	**2,145**

In first half 2019 the item includes non-recurring expenses €575 thousand.

In the first half of 2019 "Rental and leasing" includes solely the operating costs relating to contracts which are not leases or don't contain a lease under IFRS 16 (€6,447 thousand), as well as costs relating to leases with a term of less than 12 months (€992 thousand) or refer to low value assets (€92 thousand); for additional information refer to note 15. *Leasing*. The figure for the first half of 2018 includes the costs relating to contracts classified as operating leases under IAS 17 and, therefore, the two periods cannot be compared.

6. PROVISIONS

At 30 June 2019 these include provisions for contingencies and other charges of €7,453 thousand (€6,832 thousand at 30 June 2018), €7,555 thousand of which refers to provision for product warranties and should be looked at together with "Technical support", included in costs for services, which is the portion of these costs already incurred. The remaining €196 thousand refers to provisions for bad debt.

For further information, please refer to note *31. Other provisions for non-current contingencies and charges*.

7. AMORTIZATION

The breakdown is as follows:

	1st half 2019	1st half 2018	Change
Amortization of intangible assets	6,588	5,725	863
Depreciation of property, plant and equipment	21,715	21,376	339
Depreciation of Right of Use assets	9,168	-	9,168
Total	**37,471**	**27,101**	**10,370**

More details about amortization and depreciation can be found in the tables reporting movements in intangible assets and property, plant and equipment; further detail about depreciation of Right of Use assets can be found in note 15. *Leasing*.

8. NON-RECURRING INCOME/(EXPENSES)

The non-recurring items of €1,379 thousand recorded at 30 June 2019, incurred for the commercial restructuring and reorganization underway, were recognized directly in the relative lines of the income statement (€604 thousand in payroll costs, €575 thousand in costs for services and €200 thousand in provisions). In the first half of 2018, the amount of €2,184 thousand were recognized entirely as payroll costs.

9. NET FINANCIAL INCOME (EXPENSES)

Net financial income and expenses are broken down by nature as follows:

	1st half 2019	1st half 2018	Change
Exchange differences and gains (losses) on currency hedges	**(1,194)**	**141**	**(1,335)**
Share of profit of equity investments consolidated by the equity method	**974**	**733**	**241**
Net interest expense	(54)	(2,126)	2,072
Interest for *leasing*	(941)	(31)	(910)
Financial discounts and other financial income (expenses)	(6,960)	(7,783)	823
Other net financial income (expenses)	**(7,955)**	**(9,940)**	**1,985**
Net financial income (expenses)	**(8,175)**	**(9,066)**	**891**

"Exchange differences and gains (losses) on currency hedges" includes the rate differentials on derivatives that hedge currency risk.

"Share of profit of equity investments consolidated using the equity method" includes income from the joint venture TCL/DL, dedicated to the manufacture of portable air conditioners, the interest held in the Eversys which is active in the professional espresso coffee machine sector and the income as a result of the sale of the majority interest in NPE S.r.l.

Net interest includes both interest payable on the Group's financial debt (recalculated using the amortized cost method), as well as the financial cost of factoring receivables without recourse, net of the interest income on the Group's investments.

For further information about leasing contracts, please refer to note 15. *Leasing*.

10. INCOME TAXES FOR THE PERIOD

These are analyzed as follows:

	1st half 2019	1st half 2018	Change
Current income taxes:			
- Income taxes	22,220	13,642	8,578
- IRAP (Italian regional business tax)	1,252	1,516	(264)
Deferred (advanced) taxes	(16,504)	(2,254)	(14,250)
Total	**6,968**	**12,904**	**(5,936)**

"Deferred (advance) income taxes" includes the taxes calculated on the temporary differences arising between the accounting values of assets and liabilities and the corresponding tax base (particularly for taxed provisions recognized by the parent company and its subsidiaries). They also include the benefit arising from the carryforward of unused tax losses which are likely to be used in the future.
"Income taxes" includes the patent box incentives following approval of the request for the incentives.

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION: ASSETS

NON-CURRENT ASSETS

11. GOODWILL

	30.06.2019		31.12.2018		
	Gross	Net	Gross	Net	Change
Goodwill	99,147	92,400	99,147	92,400	-

The value of goodwill did not change during the first half.
Goodwill is not amortized because it is considered to have an indefinite useful life. Instead, it is tested for impairment at least once a year to identify any evidence of loss in value.

The objective of the impairment test is to determine the value in use of the CGU to which the goodwill refers, meaning the present value of the future cash flows expected to be derived from ongoing use of the assets; any cash flows arising from extraordinary events are therefore ignored.
In particular, value in use is determined using the discounted cash flow method for forecast cash flows contained in three-year plans approved by management.

The impairment test carried out at the end of 2018 on the basis of discount rates reflecting current market assessments of the time value of money and the risks specific to the individual cash-generating units, did not reveal any evidence that these assets might have suffered an impairment loss.

Estimating the recoverable amount of the CGUs requires management to make judgements and estimates. In fact, several factors also associated with developments in the difficult market context could make it necessary to reassess the value of goodwill. The Group will be constantly monitoring those circumstances and events that might make it necessary to perform new impairment tests.

No events of significance have occurred in the first half of 2019 such as might suggest that the carrying amount could have suffered any loss of value.
Further information can be found in the explanatory notes to the financial statements at 31 December 2018.

12. OTHER INTANGIBLE ASSETS

These are analyzed as follows:

	30.06.2019		31.12.2018	
	Gross	Net	Gross	Net
New product development costs	96,961	15,067	95,340	16,995
Patents	40,054	3,979	39,745	4,514
Trademarks and similar rights	281,370	180,311	281,291	181,893
Work in progress and advances	25,834	19,477	21,601	15,244
Other	22,730	5,448	22,557	5,809
Total	**466,949**	**224,282**	**460,534**	**224,455**

The following table reports movements in the main asset categories during the first half 2019:

	New product development costs	Patents	Trademarks and similar rights	Work in progress and advances	Other	Total
Net opening balance	**16,995**	**4,514**	**181,893**	**15,244**	**5,809**	**224,455**
Additions	1,473	318	69	4,465	164	6,489
Amortization	(3,549)	(844)	(1,661)	-	(534)	(6,588)
Translation differences and other movements (*)	148	(9)	10	(232)	9	(74)
Net closing balance	**15,067**	**3,979**	**180,311**	**19,477**	**5,448**	**224,282**

(*) "Other movements" refers primarily to the reclassification of intangible assets.

The largest increases refer to the capitalization of new product development projects, based on detailed reporting and analysis of the costs incurred and the estimated future utility of the projects.
The Group capitalized a total of €5,938 thousand in development costs as intangible assets during the first half of 2019; the increase of €1,473 thousand in "New product development costs" refers to projects already completed at 30 June 2019, and "Work in progress and advances", which amounts to €4,465 thousand, refers to projects still in progress.
The Group incurred around €26.7 million in research and development costs in the first half of 2019 (€25.1 million in the first half of 2018).

"Patents" mostly refer to internal development costs and the subsequent cost of filing for patents and to costs for developing and integrating data processing systems.

"Trademarks and similar rights" include €79.8 million for the "De'Longhi" trademark, as well as €95.0 million for the perpetual license over the Braun brand, calculated based on an indefinite useful life in accordance with IAS 38, taking into account, above all, brand awareness, economic benefits, reference market characteristics, brand specific strategies and the amount of investments made to sustain the brands.
The impairment test carried out at the end of 2018 for both brands based on an indefinite useful life, did not reveal any evidence that these assets might have suffered an impairment loss.
No events of significance have occurred in the first half of 2019 such as might suggest that the carrying amount of trademarks could have suffered any impairment loss.

13. LAND, PROPERTY, PLANT AND MACHINERY

These are analyzed as follows:

	30.06.2019		31.12.2018	
	Gross	Net	Gross	Net
Land and buildings	117,637	84,026	116,101	84,934
Plant and machinery	140,500	54,819	137,790	56,799
Total	**258,137**	**138,845**	**253,891**	**141,733**

The following table reports movements during the first half 2019:

	Land and buildings	Plant and machinery	Total
Net opening balance	**84,934**	**56,799**	**141,733**
Additions	1,155	1,372	2,527
Disposals	(35)	(34)	(69)
Depreciation	(2,420)	(4,933)	(7,353)
Translation differences and other movements (*)	392	1,615	2,007
Net closing balance	**84,026**	**54,819**	**138,845**

(*) The amounts relating to "Other movements" mostly refer to the reclassifications of "Work in progress and advances".

The investments in "Plant and machinery" refer mainly to the expansion of the coffee machine production lines in Italy and to the purchase of systems at the Chinese plant.

14. OTHER TANGIBLE ASSETS

Details of other tangible assets are as follows:

	30.06.2019		31.12.2018	
	Gross	Net	Gross	Net
Industrial and commercial equipment	310,822	53,713	300,198	53,908
Other	85,735	22,975	82,816	23,323
Work in progress and advances	22,122	22,122	17,135	17,135
Total	**418,679**	**98,810**	**400,149**	**94,366**

The following table reports movements during the first half 2019:

	Industrial and commercial equipment	Other	Work in progress and advances	Total
Net opening balance	**53,908**	**23,323**	**17,135**	**94,366**
Additions	6,819	3,116	11,037	20,972
Disposals	-	(303)	-	(303)
Depreciation	(10,735)	(3,627)	-	(14,362)
Translation differences and other movements (*)	3,721	466	(6,050)	(1,863)
Net closing balance	**53,713**	**22,975**	**22,122**	**98,810**

(*) The amounts relating to "Other movements" mostly refer to the reclassifications of "Work in progress and advances".

The increase in "Industrial and commercial equipment" refers primarily to the purchase of moulds to be used in the manufacture of new products.

The increase in "Work in progress" refers to the investments linked to the development of the new headquarters, to the investments made in Romanian production facility and the investments in moulds to be used in the manufacture of new products.

15. LEASING

Existing leases are functional to the Group's operations and refer mainly to the leasing of properties, automobiles and other capital goods.

Movements in the leased right of use assets in the first half of 2019 are shown below:

	Land and buildings	Industrial and commercial equipment	Other	Total
Net opening balance	**-**	**-**	**-**	**-**
Opening for IFRS 16 Application at 1 January 2019	71,817	872	4,263	76,952
Additions	7,993	15	1,725	9,733
Disposals	(82)	(10)	(535)	(627)
Depreciation	(8,052)	(119)	(997)	(9,168)
Translation differences and other movements	195	-	-	195
Net closing balance	**71,871**	**758**	**4,456**	**77,085**

The new standard was adopted by the Group at 1 January 2019 using the modified retrospective approach based on which the recognized amount of the right-to-use asset should equal the lease liability, namely equal to the present value of the remaining payments discounted using the incremental borrowing rate at the date of initial application, without restating the comparative figures.
At the transition date, right of use assets and corresponding lease liabilities of €76,952 thousand were recognized.
At 30 June 2019 financial liabilities for leases of €78,037 thousand, of which €60,111 thousand expiring beyond 12 months), and financial assets for advances of €378 thousand, were recognized in the financial statements.

16. EQUITY INVESTMENTS

Details of equity investments are as follows:

	30.06.2019	31.12.2018
Equity investments consolidated using the equity method	27,143	26,115
Other equity investments available-for-sale	52	54
Total	**27,195**	**26,169**

"Equity investments consolidated using the equity method" refers to the equity investments subject to joint control as per contractual agreements and associated companies, accounted for using the equity method in accordance with IAS 28 – *Investments in associates and joint venture.*

The change in the value of equity investments using the equity method in the first half of 2019 can be broken down as follows:

	30.06.2019
Opening net balance	**26,115**
Interest in net profit	975
Exchange differences	53
Closing net balance	**27,143**

17. NON-CURRENT RECEIVABLES

The balance at 30 June 2019 comprises €3,427 thousand in security deposits (€3,428 thousand at 31 December 2018).

18. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities are analyzed as follows:

	30.06.2019	31.12.2018	Change
Deferred tax assets	53,951	36,087	17,864
Deferred tax liabilities	(34,539)	(33,966)	(573)
Net asset balance	**19,412**	**2,121**	**17,291**

"Deferred tax assets" and "Deferred tax liabilities" include the taxes calculated on temporary differences between the carrying amount of assets and liabilities and their corresponding tax base (particularly taxed provisions recognized by the parent company and its subsidiaries), the tax effects associated with the allocation of higher values to fixed assets as a result of allocating consolidation differences. They also include the benefit arising from the carryforward of unused tax losses which are likely to be used in the future.

The net balance is analyzed as follows:

	30.06.2019	31.12.2018	Change
Temporary differences	10,645	(1,000)	11,645
Tax losses	8,767	3,121	5,646
Net asset balance	**19,412**	**2,121**	**17,291**

The change in the net asset balance also reflects an increase of €487 thousand relating to the "Fair value and cash flow hedge reserve" recognized in net equity and an increase in "Profit (loss) carried forward" of €8 thousand relating to the actuarial gains/(losses) recognized in the comprehensive income statement pursuant to the IAS 19 – *Employee Benefits*.

CURRENT ASSETS

19. INVENTORIES

"Inventories", shown net of an allowance for obsolete and slow-moving goods, can be analyzed as follows:

	30.06.2019	31.12.2018	Change
Finished products and goods	405,980	344,297	61,683
Raw, ancillary and consumable materials	67,625	65,758	1,867
Work in progress and semi-finished products	30,725	26,514	4,211
Inventory writedown allowance	(26,472)	(31,740)	5,268
Total	**477,858**	**404,829**	**73,029**

The value of inventories, influenced by seasonality, is stated after deducting an allowance for obsolete or slow-moving goods totalling €26,472 thousand (€31,740 thousand at 31 December 2018) in relation to products and raw materials that are no longer of strategic interest to the Group.

20. TRADE RECEIVABLES

These are detailed as follow:

	30.06.2019	31.12.2018	Change
Trade receivables			
- due within 12 months	260,924	439,056	(178,132)
- due beyond 12 months	114	10	104
Allowance for doubtful accounts	(9,790)	(9,772)	(18)
Total	**251,248**	**429,294**	**(178,046)**

Trade receivables, which are influenced by seasonality, are stated net of an allowance for doubtful accounts of €9,790 thousand, representing a reasonable estimate of the expected risk at the reporting date. The allowance refers to a number of disputed receivables or those whose collection is otherwise in doubt and takes account of the fact that a significant proportion of the receivables are covered by insurance policies with major insurers.

21. CURRENT TAX ASSETS

These are analyzed as follows:

	30.06.2019	31.12.2018	Change
Direct tax receivables	6,107	13,263	(7,156)
Tax payments on account	5,573	3,335	2,238
Tax refunds requested	1,077	1,636	(559)
Total	**12,757**	**18,234**	**(5,477)**

There are no current tax assets due beyond 12 months.

22. OTHER RECEIVABLES

"Other receivables" are analyzed as follows:

	30.06.2019	31.12.2018	Change
VAT	14,168	10,333	3,835
Advances to suppliers	4,804	3,028	1,776
Other tax receivables	2,356	3,820	(1,464)
Prepaid insurance costs	1,690	1,690	-
Employees	191	219	(28)
Other	7,517	7,517	-
Total	**30,726**	**26,607**	**4,119**

There are no current tax assets due beyond 12 months.

23. CURRENT FINANCIAL RECEIVABLES AND ASSETS

"Current financial receivables and assets" are analyzed as follows:

	30.06.2019	31.12.2018	Chenge
Fair value of derivatives	4,941	10,307	(5,366)
Advance for leasing contracts	378	-	378
Other current financial receivables	48,563	43,935	4,628
Total	**53,882**	**54,242**	**(360)**

More details on the fair value of derivatives can be found in note *29. Other financial payables*.

“Other current financial assets” refers to an insurance policy with major insurer, to investments with guaranteed capital held with the aim of managing liquidity and to a loan to related parties (for further information, please refer to Appendix 3).

24. CASH AND CASH EQUIVALENTS

This balance consists of surplus liquidity on bank current accounts and other cash equivalents, mostly relating to customer payments received at period end and temporary cash surpluses.
Some of the Group's foreign companies have a total of €426.3 million in cash on current accounts held at the same bank. These cash balances form part of the international cash pooling system and are partially offset by €415.5 million in overdrafts held at the same bank by other foreign companies. This bank therefore acts as a "clearing house" for the Group's positive and negative cash balances. Considering the substance of the transactions and technical workings of the international cash pooling system, the positive and negative cash balances have been netted against one another in the consolidated statement of financial position, as permitted by IAS 32. The bank in question has been given a lien over all the cash balances within the international cash pooling system in respect of this service.

The cash balances at 30 June 2019 include €149 thousand in current accounts of certain subsidiaries, that are restricted, having been given as collateral.

25. NON-CURRENT ASSETS HELD FOR SALE

The item refers to the value of a freehold property of a subsidiary that was classified under non-current assets held for sale, as required under IFRS 5 – *Non-current assets held for sale and discontinued operations*, insofar as the Group initiated a program to locate a buyer and complete the disposal.

The amount corresponds to the net carrying amount, insofar as it is not less than the fair value of the assets held for sale, net of the selling costs.

	31.12.2018	Translation differences	30.06.2019
Non-current assets held for sale	1,121	127	1,248

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

NET EQUITY

The primary objective of the Group's capital management is to maintain a solid credit rating and adequate capital ratios in order to support its business and maximize value for shareholders.

Movements in the equity accounts are reported in one of the earlier schedules forming part of the financial statements; comments on the main components and their changes are provided below.

The annual general meeting (AGM) of De'Longhi S.p.A. held on 30 April 2019 approved a dividend totalling €55,315 thousand, which was paid in full during the period.

26. SHARE CAPITAL

Share capital is made up of 149,500,000 ordinary shares of par value €1.5 each, for a total of €224,250 thousand.

The Annual General Meeting of De'Longhi S.p.A. held on 14 April 2016 resolved to increase share capital against payment by up to a maximum nominal amount of €3,000,000 by 31 December 2022 through the issue, including on one or more occasions, of a maximum of 2,000,000 ordinary shares with a par value of €1.5 each pari passu with all shares outstanding at the issue date, to service the stock option plan.

Earnings per share are calculated by dividing the earnings for the year by the weighted average number of the Company's shares outstanding during the period.

	30.06.2019
Weighted average number of shares outstanding	149,500,000
Weighted average number of diluted shares outstanding	151,500,000

The dilutive impact of the stock option plan was not significant at 30 June 2019, therefore the difference between the diluted earnings per share (€0.28) and the basic earnings per share (€0.29) is not material.

27. RESERVES

These are analyzed as follows:

	30.06.2019	31.12.2018	Change
Share premium reserve	162	162	-
Legal reserve	42,573	33,960	8,613
Other reserves:			
- Extraordinary reserve	144,538	36,201	108,337
- Fair value and cash flow hedge reserve	(874)	735	(1,609)
- Stock option reserve	8,899	7,932	967
- Currency translation reserve	19,600	11,596	8,004
- Profit (loss) carried forward	578,832	566,387	12,445
Total	**793,730**	**656,973**	**136,757**

The "Share premium reserve" was set up following the public offering at the time of the parent company's listing on the Milan stock exchange on 23 July 2001 which was subsequently reduced following the demerger transaction in favour of DeLclima S.p.A. to €162 thousand.

The "Legal reserve" had a balance of €33,960 thousand at 31 December 2018. The increase of €8,613 thousand is explained by the allocation of profit for the year approved by shareholders during De'Longhi S.p.A.'s AGM held on 30 April 2019.

The "Extraordinary reserve" increased by €108,337 thousand due to the allocation of the profit for the year, as approved by shareholders of De'Longhi S.p.A. during the above AGM.

The "Fair value and cash flow hedge reserve" reports a negative balance of €874 thousand, net of €215 thousand in tax.
The change in the "Fair value and cash flow hedge" reserve in first half 2019, recognized in the statement of comprehensive income for the year, is attributable to the fair value of the cash flow hedge and available-for-sale securities of €1,609 thousand net of €487 thousand in tax.

The "Stock option" reserve amounted to €8,899 thousand which corresponds to the fair value of the options at the assignment date, recognized on a straight-line basis from the grant date through vesting.
During the Annual General Meeting held on 14 April 2016 shareholders approved the stock-based incentive plan "Stock option plan 2016-2022" reserved for the Chief Executive Officer of the parent company De'Longhi S.p.A. and a limited number of Group managers and key resources.
Please refer to Compensation Report for more information on the Plan.

For the purposes of valuation under IFRS 2 - *Share-based payments*, two different tranches were defined for each award which contain the same number of options broken down equally into the plan's two exercise periods. The fair value per share of the options assigned in 2016 amounted to € 5.3072 for the first tranche and to €5.2488 for the second. The fair value per share of the options assigned in 2017 amounted to €7.6608 for the first tranche and to €7.4442 for the second.
The fair value of the stock options is determined using the Black-Scholes model which takes into account the conditions for the exercise of the right, the current share price, expected volatility, a risk free interest rate, as well as the non-vesting conditions.
Volatility is estimated based on the data of a market provider and corresponds to the estimated volatility of the stock over the life of the plan.

The assumptions used to determine the fair value of the options assigned are shown below:

	2017 award	2016 award
Expected dividends (Euro)	0.80	0.43
Estimated volatility (%)	28.09%	33.23%
Historic volatility (%)	31.12%	36.067%
Market interest rate	Euribor 6M	Euribor 6M
Expected life of the options (years)	2.142/3.158	2.51 / 3.53
Exercise price (Euro)	20.4588	20.4588

"Profit (loss) carried forward" includes the retained earnings of the consolidated companies and the effects of consolidation adjustments and adjustments to comply with Group accounting policies. The net increase posted in the year reflects the profit carried forward from the previous year of €67,752 thousand, net of dividends paid.

Below is a reconciliation between the net equity and profit reported by the parent company, De'Longhi S.p.A., and the figures shown in the consolidated financial statements:

	Net equity 30.06.2019	Profit (loss) after taxes 1st half 2019
De'Longhi S.p.A. financial statements	**506,470**	**76,288**
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	588,106	(25,506)
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	16,700	(954)
Elimination of intercompany profits	(49,838)	(7,259)
Other adjustments	(612)	277
Consolidated financial statements	**1,060,826**	**42,846**

NON-CURRENT LIABILITIES

28. BANK LOANS AND BORROWINGS

"Bank loans and borrowings" are analyzed as follows:

	30.06.2019	31.12.2018	Change
Overdrafts	8,260	2,949	5,311
Current bank loans and borrowings	44,214	54,907	(10,693)
Loans (short term portion)	43,906	43,909	(3)
Loans (one to five years)	62,934	84,915	(21,981)
Total bank loans and borrowings	**159,314**	**186,680**	**(27,366)**

No new loans were taken out in the first half of 2019.
With regard to the two loans taken out in previous years, none of the financial covenants included in the loan agreements, based on net debt/equity and net debt/EBITDA, had been breached at 30 June 2019.

The main bank debt is floating rate; the hedges on both of the medium/long term loans made it possible to exchange floating rate debt for fixed rate debt. The fair value of the loans, calculated by discounting expected future interest flows at current market rates, is not significantly different from the debt's book value.

29. OTHER FINANCIAL PAYABLES

This balance, inclusive of the current portion, is made up as follows:

	30.06.2019	31.12.2018	Change
Private placement (short-term portion)	-	-	-
Negative fair value of derivatives	5,839	6,242	(403)
Other short term financial payables	24,336	48,080	(23,744)
Total short-term payables	**30,175**	**54,322**	**(24,147)**
Private placement (one to five years)	85,606	64,168	21,438
Negative fair value of derivatives	298	188	110
Other financial payables (one to five years)	3,963	4,364	(401)
Total long-term payables (one to five years)	**89,867**	**68,720**	**21,147**
Private placement (beyond five years)	64,294	85,726	(21,432)
Total long-term payables (beyond five years)	**64,294**	**85,726**	**(21,432)**
Total other financial payables	**184,336**	**208,768**	**(24,432)**

The bond loan refers to the issue and placement of €150 million in unsecured, non-convertible notes with US institutional investors (the "US Private Placement") completed in 2017.
The securities were issued by De'Longhi S.p.A. in a single tranche, mature in 10 years in June 2027 and have an average life of 7 years. The notes will accrue interest from the subscription date at a fixed rate of 1.65% per annum. The notes will be repaid yearly in equal instalments beginning June 2021 and ending June 2027, without prejudice to the Company's ability to repay the entire amount in advance.
The securities are unrated and are not intended to be listed on any regulated markets.
The notes are subject to half-yearly financial covenants in line with those contemplated in other existing loan transactions. At 30 June 2019 the covenants (ratio of consolidated net financial debt on consolidated net equity, ratio of consolidated net financial debt on EBITDA before non-recurring/stock option costs and ratio of EBITDA before non-recurring/stock option costs on net financial charges) had not been breached. The issue is not secured by collateral of any kind.

"Negative fair value of derivatives" refers to hedges on interest rates and currencies, foreign currency receivables and payables, as well as on future revenue streams (anticipatory hedges).

"Other short term financial payables" refers mainly to factoring without recourse, the remaining short-term portion of the pension fund liabilities pertaining to a subsidiary which were transferred to third parties and a portion of a loan granted to an Italian subsidiary (MIUR).

"Other financial payables (one to five years)" refers mainly to the fair value of the put & call options on the Eversys acquisition, the variable consideration payable for the purchase of minority interests, a portion of a loan granted to an Italian subsidiary (MIUR) and the remaining long-term portion of the pension fund liabilities of a foreign subsidiary.

Net financial position

Details of the net financial position are as follows:

	30.06.2019	31.12.2018	Change
A. Cash	89	133	(44)
B. Cash equivalents	473,172	569,194	(96,022)
C. Securities	-	-	-
D. Total liquidity (A+B+C)	**473,261**	**569,327**	**(96,066)**
E. Current financial receivables and other securities	**53,882**	**54,242**	**(360)**
of which:			
Fair value of derivatives and avances for leasing	*5,319*	*10,307*	*(4,988)*
F. Current bank loans and borrowings	(52,474)	(57,856)	5,382
G. Current portion of non-current debt	(43,906)	(43,909)	3
H. Other current financial payables	(48,101)	(54,322)	6,221
of which:			
Fair value measurement of derivatives, financial payables linked to business combinations and pension fund transactions and lease liabilities	*(23,867)*	*(6,977)*	*(16,890)*
I. Current financial debt (F+G+H)	**(144,481)**	**(156,087)**	**11,606**
J. Net current financial receivables (payables) (D+E+I)	**382,662**	**467,482**	**(84,820)**
Non-current financial receivables	-	-	-
of which:			
Fair value of derivatives	-	-	
K. Non-current bank loans and borrowings	(62,934)	(84,915)	21,981
L. Bonds	(149,900)	(149,894)	(6)
M. Other non-current payables	(64,372)	(4,552)	(59,820)
of which:			
Fair value measurement of derivatives, financial payables linked to business combinations and pension fund transactions and lease liabilities	*(64,342)*	*(4,254)*	*(60,088)*
N. Non-current financial debt (K+L+M)	**(277,206)**	**(239,361)**	**(37,845)**
Total	**105,456**	**228,121**	**(122,665)**

For a better understanding of changes in the Group's net financial position, reference should be made to the full consolidated statement of cash flows, appended to these explanatory notes, and the condensed statement presented in the interim report on operations.
Details of financial receivables and payables with related parties are reported in Appendix 3.

The fair value of the outstanding derivatives at 30 June 2019 is provided below:

	Fair Value at 30.06.2019
FX forward agreements	(1,819)
Derivatives hedging foreign currency receivables/payables	**(1,819)**
FX forward agreements	1,388
IRS on parent company loans	(765)
Derivatives hedging expected cash flows	**623**
Total fair value of the derivatives	**(1,196)**

30. EMPLOYEE BENEFITS

These are made up as follows:

	30.06.2019	31.12.2018	Change
Provision for severance indemnities	9,908	10,086	(178)
Defined benefit plans	20,704	20,005	699
Other long term benefits	5,030	3,877	1,153
Total employee benefits	**35,642**	**33,968**	**1,674**

The provision for severance indemnities includes amounts payable to employees of the Group's Italian companies and not transferred to supplementary pension schemes or the pension fund set up by INPS (Italy's national social security agency). This provision has been classified as a defined benefit plan, governed as such by IAS 19 - *Employee benefits*.

Some of the Group's foreign companies provide defined benefit plans for their employees.
Some of these plans have assets servicing them, but severance indemnities, as an unfunded obligation, do not.
These plans are valued on an actuarial basis to express the present value of the benefit payable at the end of service that employees have accrued at the reporting date.

The amounts of the obligations and assets to which they refer are set out below:

Provision for severance indemnities:

Movements in the period are summarized below:

Net cost charged to income	1st half 2019
Current service cost	78
Interest cost on obligations	79
Total	**157**

Change in present value of obligations	
Present value at 1 January	**10,086**
Current service cost	78
Utilization of provision	(335)
Interest cost on obligations	79
Present value at reporting date	**9,908**

Defined benefit plans:
Movements in the period are as follows:

Net cost charged to income	1st half 2019
Current service cost	556
Return on plan assets	-
Interest cost on obligations	157
Total	**713**

Change in present value of obligations	
Present value at 1 January	**20,005**
Net cost charged to income	713
Benefits paid	(40)
Translation difference	26
Present value at reporting date	**20,704**

The outstanding liability at 30 June 2019 of €20,704 thousand (€20,005 thousand at 31 December 2018) refers to a few subsidiaries (mainly in Germany and Japan).

The other long term benefits refer to an multi-annual incentive plan for which relative provisions were made.

31. OTHER PROVISIONS FOR NON-CURRENT CONTINGENCIES AND CHARGES

These are analyzed as follows:

	30.06.2019	31.12.2018	Change
Agents' leaving indemnity provision	1,634	1,599	35
Product warranty provision	27,528	27,732	(204)
Provisions for contingencies and other charges	6,844	7,169	(325)
Total	**36,006**	**36,500**	**(494)**

Movements are as follows:

	31.12.2018	Utilization	Net Accruals	Currency translation differences and other movements	30.06.2019
Agents' leaving indemnity provision	1,599	-	35	-	1,634
Product warranty provision	27,732	(8,038)	7,555	279	27,528
Provisions for contingencies and other charges	7,169	(188)	(137)	-	6,844
Total	**36,500**	**(8,226)**	**7,453**	**279**	**36,006**

The agents' leaving indemnity provision covers the payments that might be due to departing agents in accordance with art. 1751 of the Italian Civil Code, as applied by collective compensation agreements in force.

The product warranty provision has been established, for certain consolidated companies, on the basis of estimated under-warranty repair and replacement costs for sales taking place by 30 June 2019. It takes account of the provisions of Decree 24/2002 and of European Community law.

The "Provision for contingencies and other charges" includes the provision of €4,050 thousand (€4,410 thousand at 31 December 2018) for liabilities arising from product complaints (limited to the Group's insurance deductible), the provision of €276 thousand (€454 thousand at 31 December 2018) for restructuring and reorganization and provisions made by a few subsidiaries relating to commercial risks and other charges.

CURRENT LIABILITIES

32. TRADE PAYABLES
The balance represents the amount owed by the Group to third parties for the provision of goods and services. The item does not include amounts due beyond 12 months.

33. CURRENT TAX LIABILITIES
"Current tax liabilities" refers to the Group's direct tax and, with respect to the Italian subsidiaries who adhered to the Domestic Tax Consolidation regime, the amount owed the parent company De Longhi Industrial S.A.; for additional information please refer to Annex n.3.
The item does not include tax due beyond 12 months.

34. OTHER PAYABLES
These are detailed as follows:

	30.06.2019	31.12.2018	Change
Employees	35,653	37,709	(2,056)
Indirect taxes	10,450	24,876	(14,426)
Social security institutions	5,385	9,305	(3,920)
Withholdings payables	4,011	7,579	(3,568)
Other taxes	785	1,371	(586)
Advances	769	928	(159)
Other	14,506	16,416	(1,910)
Total	**71,559**	**98,184**	**(26,625)**

35. COMMITMENTS
These are detailed as follows:

	30.06.2019	31.12.2018
Guarantees given to third parties	2,139	2,211
Other commitments	396	3,194
Total	**2,535**	**5,405**

"Other commitments" mainly consist of contractual obligations pertaining to the subsidiaries.

In addition to the above, the Group issued guarantees, mainly a surety to secure a loan, of €26,640 thousand in favor of the related party NPE S.r.l. which, in accordance with the agreement, will be substituted with guarantees that are commensurate with the commitments of each of the parties.

36. HIERARCHICAL LEVELS OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following table presents the hierarchical levels in which the fair value measurements of financial instruments have been classified at 30 June 2019. As required by IFRS 13, the hierarchy comprises the following levels:

- level 1: quoted prices in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- level 3: inputs for the asset or liability that are not based on observable market data.

Financial instruments measured at fair value	Level 1	Level 2	Level 3
Derivatives with positive fair value	-	4,941	-
Derivatives with negative fair value	-	(6,137)	-
Other financial assets	52	30,317	-

There were no transfers between the levels during the period.

37. TAX POSITION

No significant changes took place in the tax position in the period ending on 30 June 2019.

38. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Appendix 3 contains the information concerning transactions and balances with related parties required by CONSOB Circulars 97001574 dated 20 February 1997, 98015375 dated 27 February 1998 and DEM/2064231 dated 30 September 2002; all transactions have fallen within the Group's normal operations and have been settled under arm's-length terms and conditions.

Transactions and balances between the parent company and subsidiaries are not reported since these have been eliminated upon consolidation.

39. OPERATING SEGMENTS

As required under IFRS 8, the Group's activities were broken down into three operating segments (Europe, APA, MEIA) based on business region.
Each segment is responsible for all aspects of the Group's brands and services different markets; the revenues and the margins, therefore, generated by each operating segment (based on business region) may not coincide with the revenues and margins of the relative markets (based on geographic area) given the sales made by a few Group companies outside of their respective geographical areas and the intragroup transactions not allocated based on destination.

Information relating to operating segments is presented below:

Income Statement data

	1st half 2019				
	Europe	*APA*	*MEIA*	Intersegment eliminations (**)	Total
Total revenues (*)	**651,510**	**451,168**	**49,060**	**(306,205)**	**845,533**
EBITDA	**77,008**	**13,947**	**4,518**	**(13)**	**95,460**
Amortization	(27,240)	(9,951)	(280)	-	(37,471)
EBIT	**49,768**	**3,996**	**4,238**	**(13)**	**57,989**
Net financial income (expenses)					(8,175)
Profit (loss) before taxes					**49,814**
Income taxes					(6,968)
Profit (loss) after taxes					**42,846**
Profit (loss) pertaining to minority interests					-
Profit (loss) for the period					**42,846**

(*) The revenues for each segment include revenues generated by both third parties and other Group operating segments.
(**) Eliminations refer to intersegment revenues generated and eliminated on a consolidated basis.

Data from statement of financial position

	30 June 2019				
	Europe	*APA*	*MEIA*	Intersegment eliminations	Total
Total assets	1,446,277	680,187	49,810	(159,299)	**2,016,975**
Total liabilities	(791,969)	(310,371)	(13,100)	159,291	**(956,149)**

Income Statement data - Continuing Operations

	1st half 2018				
	Europe	*APA*	*MEIA*	Intersegment eliminations (*)	Total
Total revenues	**648,349**	**462,048**	**54,229**	**(309,915)**	**854,711**
EBITDA	**74,809**	**23,618**	**6,372**	**197**	**104,996**
Amortization	(20,299)	(6,712)	(90)	-	(27,101)
EBIT	**54,510**	**16,906**	**6,282**	**197**	**77,895**
Net financial income (expenses)					(9,066)
Profit (loss) before taxes					**68,829**
Income taxes					(12,904)
Profit (loss) after taxes					**55,925**
Profit (loss) pertaining to minority interests					-
Profit (loss) for the period					**55,925**

(*) Eliminations refer to intersegment revenues generated and eliminated on a consolidated basis.

Data from statement of financial position - Continuing Operations

	31 December 2018				
	Europe	*APA*	*MEIA*	Intersegment eliminations	Total
Total assets	1,567,863	671,376	43,782	(160,729)	**2,122,292**
Total liabilities	(896,603)	(307,334)	(13,157)	160,727	**(1,056,367)**

40. RISK MANAGEMENT

The Group is exposed to the following financial risks as part of its normal business activity: credit, liquidity and market risks (relating primarily to currency and interest rate).
This condensed half-year financial report does not contain all the information and explanatory notes relative to financial risk management that must be included in the annual report. For additional information in this regard refer to the notes to the consolidated financial statements at 31 December 2018.

41. SUBSEQUENT EVENTS

There have been no significant events since the end of the reporting period.

Treviso, 30 July 2019

De'Longhi S.p.A.
Vice Chairman and Chief Executive Officer
Fabio de' Longhi

APPENDICES

These appendices contain additional information to that reported in the explanatory notes, of which they form an integral part.

This information is contained in the following appendices:

1. List of consolidated companies
2. Statement of consolidated cash flows in terms of net financial position
3. Transactions and balances with related parties:
    a) *Income statement and statement of financial position*
    b) *Summary by company*

List of consolidated companies

(Appendix 1 to the Explanatory notes)

Company name	Registered office	Currency	Share capital [1]	Interest held at 30/06/2019	
				Directly	Indirectly
LINE-BY-LINE METHOD:					
DE'LONGHI APPLIANCES S.R.L.	Treviso	EUR	200,000,000	100%	
DE'LONGHI AMERICA INC.	Upper Saddle River	USD	9,100,000		100%
DE'LONGHI FRANCE S.A.S.	Clichy	EUR	2,737,500		100%
DE'LONGHI CANADA INC.	Mississauga	CAD	1		100%
DE'LONGHI DEUTSCHLAND GMBH	Neu-Isenburg	EUR	2,100,000	100%	
DE'LONGHI BRAUN HOUSEHOLD GMBH	Neu-Isenburg	EUR	100,000		100%
DE'LONGHI ELECTRODOMESTICOS ESPANA S.L.	Barcellona	EUR	3,066		100%
DE'LONGHI CAPITAL SERVICES S.R.L. (2)	Treviso	EUR	53,000,000	11.32%	88.68%
E- SERVICES S.R.L.	Treviso	EUR	50,000	100%	
DE'LONGHI KENWOOD A.P.A. LTD	Hong Kong	HKD	73,010,000		100%
TRICOM INDUSTRIAL COMPANY LIMITED	Hong Kong	HKD	171,500,000		100%
PROMISED SUCCESS LIMITED	Hong Kong	HKD	28,000,000		100%
ON SHIU (ZHONGSHAN) ELECTRICAL APPLIANCE CO.LTD	Zhongshan City	CNY	USD 21,200,000		100%
DE'LONGHI-KENWOOD APPLIANCES (DONG GUAN) CO.LTD	Qing Xi Town	CNY	HKD 285,000,000		100%
DE LONGHI BENELUX S.A.	Luxembourg	EUR	181,730,990	100%	
DE'LONGHI JAPAN CORPORATION	Tokyo	JPY	450,000,000		100%
DE'LONGHI AUSTRALIA PTY LTD	Prestons	AUD	28,800,001		100%
DE'LONGHI NEW ZEALAND LTD	Auckland	NZD	16,007,143		100%
ZASS ALABUGA LLC	Elabuga	RUB	95,242,767		100%
DE'LONGHI LLC	Mosca	RUB	3,944,820,000		100%
KENWOOD APPLIANCES LTD	Havant	GBP	30,586,001		100%
KENWOOD LIMITED	Havant	GBP	26,550,000		100%
KENWOOD INTERNATIONAL LTD	Havant	GBP	20,000,000		100%
KENWOOD APPL. (SINGAPORE) PTE LTD	Singapore	SGD	500,000		100%
KENWOOD APPL. (MALAYSIA) SDN.BHD.	Subang Jaya	MYR	1,000,000		100%
DE'LONGHI-KENWOOD GMBH	Wr Neudorf	EUR	36,336	100%	
DELONGHI SOUTH AFRICA PTY.LTD	Constantia Kloof	ZAR	100,332,501		100%
DE'LONGHI KENWOOD HELLAS S.A.	Atene	EUR	452,520		100%
DE'LONGHI PORTUGAL UNIPESSOAL LDA	Matosinhos	EUR	5,000		100%
ARIETE DEUTSCHLAND GMBH	Dusseldorf	EUR	25,000		100%
CLIM.RE. S.A.	Luxembourg	EUR	1,239,468	4%	96%
ELLE S.R.L.	Treviso	EUR	10,000		100%
DE'LONGHI BOSPHORUS EV ALETLERI TICARET ANONIM SIRKETI	Istanbul	TRY	3,500,000		100%
DE'LONGHI PRAGA S.R.O.	Praga	CZK	200,000		100%
KENWOOD SWISS AG	Baar	CHF	1,000,000		100%
DL HRVATSKA D.O.O.	Zagabria	HRD	20,000		100%
DE'LONGHI BRASIL - COMÉRCIO E IMPORTAÇÃO Ltda	São Paulo	BRL	43,857,581		100%
DE'LONGHI POLSKA SP. Z.O.O.	Varsavia	PLN	50,000	0.1%	99.9%
DE'LONGHI APPLIANCES TECHNOLOGY SERVICES (Shenzen) Co. Ltd	Shenzen	CNY	USD 175,000		100%
DE'LONGHI UKRAINE LLC	Kiev	UAH	549,843		100%
DE'LONGHI TRADING (SHANGHAI) CO. LTD	Shanghai	CNY	USD 11,745,000		100%
DE'LONGHI KENWOOD MEIA F.ZE	Dubai	USD	AED 2,000,000		100%
DE'LONGHI ROMANIA S.R.L.	Cluj-Napoca	RON	140,000,000	10%	90%
DE'LONGHI KOREA LTD	Seoul	KRW	900,000,000		100%
DL CHILE S.A.	Santiago del Cile	CLP	3,079,065,844		100%
DE'LONGHI SCANDINAVIA AB	Stockholm	SEK	5,000,000		100%
DELONGHI MEXICO SA DE CV	Bosques de las Lomas	MXN	11,576,000		100%
TWIST LLC	Mosca	RUB	10,000		100%

INVESTMENTS VALUED IN ACCORDANCE WITH THE EQUITY METHOD

Company name	Registered office	Currency	Share capital (1)	Interest held at 30/06/2019	
				Directly	Indirectly
DL-TCL HOLDINGS (HK) LTD.	Hong Kong	HKD	USD 5,000,000		50%
TCL-DE'LONGHI HOME APPLIANCES (ZHONGSHAN) CO.LTD.	Zhongshan City	CNY	USD 5,000,000		50%
EVERSYS HOLDING S.A.	Ardon	CHF	4,100,000		40%
EVERSYS S.A.	Ardon	CHF	2,500,000		40%
EVERSYS INC	Toronto	CAD	100		40%
NPE S.R.L.	Treviso	EUR	1,000,000		45%

OTHER SUBSIDIARIES (IN LIQUIDATION OR DORMANT)

Company name	Registered office	Currency	Share capital
DE'LONGHI LTD. (3)	London	GBP	4,000,000

(1) Figures at 30 June 2019, unless otherwise specified.
(2) The articles of association, approved by the extraordinary shareholders' meeting held on 29 December 2004, give special rights to De'Longhi S.p.A. (holding 89% of the voting rights) for ordinary resolutions (approval of financial statements, declaration of dividends, nomination of directors and statutory auditors, purchase and sale of companies, grant of loans to third parties); voting rights are proportional as far as other resolutions are concerned, except for the preferential right to receive dividends held by the shareholder Kenwood Appliances Ltd.
(3) Dormant company, whose financial statement is unavailable.

Statement of consolidated cash flows in terms of net financial position (*)

(Appendix 2 to the Explanatory notes)

	1st half 2019	1st half 2018(*)
Profit (loss) pertaining to the Group	42,846	55,925
Income taxes for the period	6,968	12,904
Amortization	28,303	27,101
Result from IFRS16 *Leases* application	451	-
Net change in provisions and other non-cash items	891	2,928
Cash flow generated by current operations (A)	**79,459**	**98,858**
Change in assets and liabilities for the period:		
Trade receivables	185,634	152,136
Inventories	(70,722)	(127,652)
Trade payables	(95,501)	11,404
Other changes in net working capital	(39,965)	(44,381)
Payment of income taxes	(15,564)	(17,575)
Cash flow absorbed by movements in working capital (B)	**(36,118)**	**(26,068)**
Cash flow generated by current operations and movements in working capital (A+B)	**43,341**	**72,790**
Investment activities:		
Investments in intangible assets	(6,489)	(6,309)
Other cash flows for intangible assets	100	134
Investments in property, plant and equipment	(23,499)	(22,726)
Other cash flows for property, plant and equipment	645	450
Net investments in financial assets and in minority interest	-	(168)
Cash flow absorbed by ordinary investment activities (C)	**(29,243)**	**(28,619)**
Cash flow by operating activities before IFRS16 *Leases* application (A+B+C)	**14,098**	**44,171**
Cash flow absorbed by leasing accounted under IFRS16 (D)	**(77,660)**	**-**
Cash flow by operating activities (A+B+C+D)	**(63,562)**	**44,171**
Dividends paid	(55,315)	(149,500)
Fair value and cash flow reserves	(2,096)	6,135
Change in currency translation reserve	(1,692)	6,222
Other change in net equity	-	(1,700)
Cash flow absorbed by changes in net equity (E)	**(59,103)**	**(138,843)**
Cash flow for the period (A+B+C+D+E)	**(122,665)**	**(94,672)**
Opening net financial position	**228,121**	**250,600**
Cash flow for the period (A+B+C+D+E)	(122,665)	(94,672)
Consolidated closing net financial position	**105,456**	**155,928**

(*) Information are provided only for Continuing Operations.

Transactions and balances with related parties

(Appendix 3 to the Explanatory notes)

(€/000)	1st half 2019	of which with related parties	1st half 2018	of which with related parties
CONTINUING OPERATIONS				
Revenues from contracts with customers	834,787	633	844,719	442
Other revenues	10,748	1,030	9,992	549
Total consolidated revenues	***845,535***		***854,711***	
Raw and ancillary materials, consumables and goods	(434,029)	(18,176)	(493,341)	(19,215)
Change in inventories of finished products and work in progress	67,704		116,610	
Change in inventories of raw and ancillary materials, consumables and goods	3,019		11,031	
Materials consumed	***(363,306)***		***(365,700)***	
Payroll costs	(135,528)		(135,020)	
Services and other operating expenses	(243,592)	(402)	(241,447)	(2,175)
Provisions	(7,649)		(7,548)	
Amortization	(37,471)		(27,101)	
EBIT	**57,989**		**77,895**	
Net financial income (expenses)	(8,175)	(156)	(9,066)	4
PROFIT (LOSS) BEFORE TAXES	**49,814**		**68,829**	
Income taxes	(6,968)		(12,904)	
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**42,846**		**55,925**	
DISCONTINUED OPERATIONS				
Net profit (loss) from Discontinued Operation	-		(312)	-
CONSOLIDATED PROFIT (LOSS) AFTER TAXES	**42,846**		**55,613**	

ASSETS (€/000)	30.06.2019	of which with related parties	31.12.2018	of which with related parties
NON-CURRENT ASSETS				
INTANGIBLE ASSETS	316,682		316,855	
- Goodwill	92,400		92,400	
- Other intangible assets	224,282		224,455	
PROPERTY, PLANT AND EQUIPMENT	314,740		236,099	
- Land, property, plant and machinery	138,845		141,733	
- Other tangible assets	98,810		94,366	
- Right-of-use assets	77,085		-	
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	30,622		29,597	
- Equity investments	27,195		26,169	
- Receivables	3,427		3,428	
- Other non-current financial assets	-		-	
DEFERRED TAX ASSETS	53,951		36,087	
TOTAL NON-CURRENT ASSETS	715,995		618,638	
CURRENT ASSETS				
INVENTORIES	477,858		404,829	
TRADE RECEIVABLES	251,248	1,391	429,294	4,057
CURRENT TAX ASSETS	12,757		18,234	
OTHER RECEIVABLES	30,726	166	26,607	199
CURRENT FINANCIAL RECEIVABLES AND ASSETS	53,882	7,941	54,242	3,666
CASH AND CASH EQUIVALENTS	473,261		569,327	
TOTAL CURRENT ASSETS	1,299,732		1,502,533	
Non-current assets held for sale	1,248		1,121	
TOTAL ASSETS	**2,016,975**		**2,122,292**	

NET EQUITY AND LIABILITIES (€/000)	30.06.2019	of which with related parties	31.12.2018	of which with related parties
NET EQUITY				
GROUP PORTION OF NET EQUITY	1,060,826		1,065,925	
- Share capital	224,250		224,250	
- Reserves	793,730		656,973	
- Profit (loss) pertaining to the Group	42,846		184,702	
NON-CURRENT LIABILITIES				
FINANCIAL PAYABLES	277,206		239,361	
- Bank loans and borrowings (long-term portion)	62,934		84,915	
- Other financial payables (long-term portion)	154,161		154,446	
- Lease liabilities (long-term portion)	60,111	29,100	-	
DEFERRED TAX LIABILITIES	34,539		33,966	
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	71,648		70,468	
- Employee benefits	35,642		33,968	
- Other provisions	36,006		36,500	
TOTAL NON-CURRENT LIABILITIES	383,393		343,795	
CURRENT LIABILITIES				
TRADE PAYABLES	325,530	8,322	419,795	14,798
FINANCIAL PAYABLES	144,481		156,087	
- Bank loans and borrowings (short-term portion)	96,380		101,765	
- Other financial payables (short-term portion)	30,175		54,322	
- Lease liabilities (short-term portion)	17,926	3,468	-	
CURRENT TAX LIABILITIES	31,186	11,612	38,506	22,706
OTHER PAYABLES	71,559	115	98,184	8
TOTAL CURRENT LIABILITIES	572,756		712,572	
TOTAL NET EQUITY AND LIABILITIES	**2,016,975**		**2,122,292**	

Transactions and balances with related parties - Summary by company

In compliance with the guidelines and methods for identifying significant transactions, especially those with related parties covered by the De'Longhi S.p.A. rules on corporate governance, we shall now present the following information concerning related party transactions during the first half 2019 and related balances with commercial nature at 30 June 2019:

(€/million)	Revenues and other income	Costs for raw materials and other costs	Financial income and (expenses)	Trade and other receivables	Financial receivables	Trade and other payables	Financial liabilities for leasing
Related companies:							
DL Radiators S.r.l.	0.7	-	-	0.7	-	0.5	-
TCL-De'Longhi Home Appliances (Zhongshan) Co.Ltd.	-	11.1	-	-	-	4.4	-
Gamma S.r.l.	0.1	0.3	(0.2)	0.1	-	0.3	32.6
De'Longhi Industrial S.A.	-	-	-	-	-	11.1	-
Eversys Holding S.A.	-	-	0.1	-	7.9	-	-
Eversys S.A.	0.3	0.1	-	0.4	-	0.1	-
NPE S.r.l.	0.6	7.1	-	0.4	-	3.6	-
TOTAL RELATED PARTIES	**1.7**	**18.6**	**(0.2)**	**1.6**	**7.9**	**20.0**	**32.6**

Transactions refer mainly to commercial relationships.

The Parent Company De'Longhi S.p.A. and a few Italian subsidiaries adhered to the national tax consolidation regime (Presidential Decree. n. 917/1986 - articles 117 through 129, and Decree of 9.6.2004), as part of a tax group formed by De Longhi Industrial S.A.; the agreement entered into covers the three-year period 2016-2018 and may be renewed. The €11.1 million included in tax payables is comprised of the taxes payable by the members of the tax group through De Longhi Industrial S.A..
The amount owed DL Radiators S.p.A. refers to taxes payable in prior years when the companies were part of De'Longhi S.p.A.'s tax group.

The financial receivables payable by Eversys Holding S.A. refer to the interest bearing shareholders' loan granted as per the agreements signed.

As a result of the industrial partnership agreement, finalized on 19 December 2018, based on which the control of company was sold, NPE S.r.l. was included in the list of related parties as of 30 June 2019. The above refer to commercial balances.

Subsequent to IFRS 16 application, financial liabilities to Gamma S.r.l. and new assets for the right of use are recognized, in relation to the rental contracts of two Italian sites.

Certification of the half-year condensed consolidated financial statements pursuant to art. 81-*ter* of CONSOB Regulation 11971 dated 14 May 1999 and subsequent amendments and additions

The undersigned Fabio de'Longhi, Chief Executive Officer, and Stefano Biella, as Officer Responsible for Preparing the Company's Financial Reports of De'Longhi S.p.A., attest, also taking account of the provisions of paragraphs 3 and 4, art. 154-*bis*, of Decree 58 dated 24 February 1998:

that the accounting and administrative processes for preparing the half-year condensed consolidated financial statements during the first half of 2019:
- have been adequate in relation to the company's characteristics and
- have been effectively applied.

They also certify that the half-year condensed consolidated financial statements at 30 June 2019:

- have been prepared in accordance with the applicable International Financial Reporting Standards adopted by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
- correspond to the underlying accounting records and books of account;
- are able to provide a true and fair view of the issuer's statement of financial position and results of operations and of the Group of companies included in the consolidation.

Lastly, they certify that the interim report on operations contains references to important events that took place in the first six months of the year and their impact on the half-year condensed consolidated financial statements, together with a description of the principal risks and uncertainties in the remaining six months of the year, as well as information on significant related party transactions.

Treviso, 30 July 2019

Fabio de' Longhi
Chief Executive Officer

Stefano Biella
Officer Responsible for Preparing the Company's Financial Reports

pwc

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
De'Longhi SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of De'Longhi SpA and its subsidiaries (the De'Longhi Group) as of 30 June 2019, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flow, the consolidated statement of changes in net equity and related explanatory notes. The directors of De'Longhi SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of De'Longhi Group as of 30 June 2019 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Other aspects

The consolidated financial statements as of and for the year ended 31 December 2018 and the consolidated condensed interim financial statements for the period ended 30 June 2018 were audited and reviewed, respectively, by other auditors, who on 8 April 2019 expressed an unqualified opinion on the consolidated financial statements, and on 1 August 2018 expressed an unqualified conclusion on the consolidated condensed interim financial statements.

Treviso, 2 August 2019

PricewaterhouseCoopers SpA

Signed by

Filippo Zagagnin
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

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

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