

## PRESS RELEASE

## De' Longhi S.p.A.: preliminary revenues 2019

In 2019 the De' Longhi Group achieved revenues of about € 2,100.1 million, equal to a growth of 1% (-0.4% in organic terms<sup>1</sup>), after a fourth quarter growing by 2.4% (0.8% in organic terms<sup>1</sup>).

The C.E.O. Fabio de' Longhi commented:

*"In the year just ended the Group has faced several changes within the scope of activities, but however it has achieved revenues growing versus the previous year.*

*During 2019 there were some negative exogenous effects - such as those in the comfort segment due to the trade war between China and the USA - and endogenous effects - such as discontinuities in capsule machines and the decision to reorganize our presence in Latin America and Turkey - with a total value of around € 36 million, which made the growth path more difficult than expected and without which the increase in revenues would have been 2.8%.*

*Nevertheless, the Group has once again demonstrated its ability to promptly react to changes and market challenges, preparing itself to face this 2020, whose turnover is expected to grow in the mid single-digit area. "*

It should be noted that starting from the fourth quarter 2019, as part of the project for a new Commercial Policy, the Group proceeded to revise some commercial policies applied to the main European customers and consequently to transform financial discounts (previously classified among financial charges) into commercial premiums, hence reducing revenues (and consequently the operating margin). The amount of this item in the quarter was € 5 million, with a negative impact on revenues' growth of ca. 0.3% in the year and 0.6% in the fourth quarter. Such new policy will find stable and continuous application also in 2020 and in the following years.

---

<sup>1</sup> "Organic" stands for at constant exchange rates and excluding the impact of derivatives.

## 2018 revenues by geography and product line<sup>2</sup>

In 2019 the Group marked an appreciable expansion in the Old Continent, while non-European areas showed a decline, due mainly to some business discontinuities in the APA area, while the MEIA region was penalized by the negative impact of the weakness of the cooking and food preparation segments.

<i>EUR million</i>	<b>2019</b>	<i>chg. %</i>	<i>organic chg. %</i>	<b>4th Quarter 2019</b>	<i>chg. %</i>	<i>organic chg. %</i>
North East Europe	599.6	8.6%	6.9%	239.6	6.4%	4.0%
South West Europe	818.9	0.7%	0.5%	308.3	2.7%	2.5%
<b>EUROPE</b>	<b>1,418.5</b>	<b>3.9%</b>	<b>3.1%</b>	<b>547.9</b>	<b>4.3%</b>	<b>3.1%</b>
<b>APA (Asia/Pacific/Americas)</b>	<b>542.4</b>	<b>-4.2%</b>	<b>-6.6%</b>	<b>202.9</b>	<b>-2.5%</b>	<b>-4.6%</b>
<b>MEIA (MiddleEast/India/Africa)</b>	<b>139.2</b>	<b>-5.1%</b>	<b>-9.0%</b>	<b>45.6</b>	<b>1.9%</b>	<b>-1.3%</b>
<b>TOTAL REVENUES</b>	<b>2,100.1</b>	<b>1.0%</b>	<b>-0.4%</b>	<b>796.4</b>	<b>2.4%</b>	<b>0.8%</b>

In the reference period, turnover in **South-Western Europe** remained in positive territory, with important confirmations from France, which benefited from sustained growth of the fully-auto coffee machines, and from Germany, which accelerated in the last quarter. On the contrary, the weakness of some markets such as Spain, Portugal, Italy and Austria did not reverse its trend in the final months.

Sales in **North-Eastern Europe** were growing, with the main markets (Russia, Ukraine and CIS countries, Poland, Benelux), expanding double-digit in the quarter, with the important exception of the United Kingdom, posting a marked decline in the fourth quarter, hence in countertrend versus the previous two quarters.

The **APA** (Asia-Pacific-Americas) area, which had a negative performance both in the year and in the quarter, was penalized by various discontinuities that make the *like-for-like* comparison difficult to picture. In fact, the revenues' drop of last year is entirely due to the one-off impacts of the early import and sale of some products of the comfort segment in 2018, the change of distribution strategy in capsule systems, the restructuring of subsidiaries (in Brazil and Chile) and the decision to terminate the distribution of built-in large appliances in Australia. Net of these effects, revenues would have grown versus the previous year.

Finally, the **MEIA** area, which has been decreasing over the last 12 months, in the fourth quarter showed a slight growth at current exchange rates (while it was slightly down in organic terms), thanks to the strong progress of Saudi Arabia and despite the reorganization of the Turkish subsidiary weighing by some € 4 million.

<sup>2</sup> the split by product lines is based on management accounts.

In terms of product breakdown, **coffee machines** have confirmed their strong progression, despite the discontinuities already highlighted in the capsules systems that have partially mitigated the double-digit expansion of the fully-auto machines and manual coffee makers.

**The cooking and food preparation** segment closed the year with a mid single-digit decline, with the main category of kitchen machines (around 30% of the total segment) performing negative low single-digit, while some other categories, such as handmixers, contactgrills and cooking food processors, staying in positive territory.

As for the remaining segments, we report a mid single-digit growth in **home care**, thanks to an increase in sales of both cleaning and ironing products.

The performance of the **comfort segment (portable heaters and air conditioners)** is difficult to assess due to the discontinuities that have affected the sales of these products over the past 12 months. In particular, in addition to the increase in duties on goods imported from China to the United States, which have altered the timing of sales, the past few months have shown an unfavourable climate seasonality, which slowed down sales and deliveries in the quarter.

## Regulatory statements

---

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

## Contacts

---

for analysts, investors and  
the press

Investor Relations:  
Fabrizio Micheli, Samuele Chiodetto  
T: +39 0422 4131  
e-mail: [investor.relations@delonghigroup.com](mailto:investor.relations@delonghigroup.com)

on the web

[http://www.delonghigroup.com/en/investor\\_relations](http://www.delonghigroup.com/en/investor_relations)