



## PRESS RELEASE

DE'LONGHI: The Board of Directors has approved the results for the FY ended 31 December 2003. The actions undertaken on the cost control side allowed to mitigate the negative impact of external factors, including the unfavourable exchange rates (which depressed sales by more than 4%), price pressures (with an estimated effect of about 2%) and sluggish consumptions:

- Consolidated net sales were € 1,278.0 millions (+4.7% at constant exchange rates and +0.3% at current exchange rates)
- Consolidated EBITDA was € 151.0 millions (-16.3%)
- Further reduction of Net Financial Debt (€ 247.2 millions from € 269.1 millions in 2002).
- Confirmation of the proposal of a dividend per share of € 0.06, in line with 2002

The Board of Directors of De' Longhi S.p.A. has today approved FY 2003 results.

Consolidated net sales were €1,278.0 millions, up 4.7% at constant exchange rates and by 0.3% at current exchange rates.

The important actions on the efficiency side, combined with the launch of some successful products, allowed to mitigate the effects arising from the euro strengthening on gross margin (51.1% in 2003 vs 51.7% in 2002) and EBITDA margin (11.8% from 14.2% in 2002).

Advertising expenses in 2003 were particularly remarkable, with the aim at strengthening the image of the brands further and supporting the launch of new products which also opened new market categories (*Alicia* electric moka, *Caldopanny* towel heater, *Pastamore* pasta cooker, *Smoothie* and *Mangiabevi* blenders).

Net profit totalled € 22.3 millions, after extraordinary items of € 11.6 millions (€ 5.4 millions in 2002). Excluding these exceptional items, profit was € 34.0 millions.

Net financial debt further decreased to € 247.2 millions, from € 269.1 millions in 2002, thanks to a free cash flow generation of almost € 22 millions .

Performance was satisfactory across the main product categories.



Positive sales results were reported in Italy, France, Spain (thanks to the new subsidiary), Greece and, at constant exchange rates, in the UK .

The Board of Directors confirmed the proposal of a dividend of € 0.06 per share to the Shareholders' Meeting, to be held on 28 April 2004.

The dividend is in line with 2002 and implies a Pay Out ratio of 40.2%, compared to 22.4% last year. The share will trade ex-dividend as of 3 May 2004 and the dividends will be paid on 6 May 2004.

"Despite the external negative factors" – says President Giuseppe De' Longhi – "I am pleased with the way the Group is reacting to the tough environment both on the efficiency side and on the products and distribution side".

"The decision to move production to China, which was taken two years ago, proved right" – says CEO Stefano Beraldo - "Thanks to our determination in implementing this strategy we managed to almost offset the negative effects of exchange rates and price pressures on gross profit. "We will continue to follow this direction so that profitability of the Group can get closer to its customary levels" - concludes Giuseppe De' Longhi.

Attached: Reclassified Consolidated Balance Sheets and Profit and Loss Statements and Statutory Balance Sheets and Profit and Loss Statements

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**De'Longhi S.p.A. statutory financial statement at 31/12/2003:**

**Income statement:**

	2003	% of sales	2002	% of sales
	Euro mil.	%	Euro mil.	%
Net revenues	594,6	100,0%	604,5	100%
<i>Change 2003/2002</i>	<i>(9,9)</i>	<i>(0,3%)</i>		
Cost of materials	(302,9)	(50,9%)	(292,1)	(48,3%)
<b>Gross margin</b>	<b>291,7</b>	<b>49,1%</b>	<b>312,4</b>	<b>51,7%</b>
Services and other operating expenses	(157,1)	(26,4%)	(148,4)	(24,6%)
<b>Value added</b>	<b>134,6</b>	<b>22,6%</b>	<b>164,0</b>	<b>27,1%</b>
Labour costs	(69,6)	(11,7%)	(73,0)	(12,1%)
Provisions	(7,3)	(1,2%)	(8,2)	(1,4%)
<b>EBITDA</b>	<b>57,7</b>	<b>9,7%</b>	<b>82,8</b>	<b>13,7%</b>
<i>Change 2003/2002</i>	<i>(25,1)</i>	<i>(30,3%)</i>		
Depreciation and amortisation	(30,3)	(5,1%)	(37,9)	(6,3%)
<b>EBIT</b>	<b>27,4</b>	<b>4,6%</b>	<b>44,9</b>	<b>7,4%</b>
<i>Change 2003/2002</i>	<i>(17,5)</i>	<i>(39,0%)</i>		
Net financial expenses	(7,0)	(1,2%)	(17,6)	(2,9%)
Extraordinary income (expenses)	(10,0)	(1,7%)	(1,1)	(0,2%)
<b>Earnings before taxes</b>	<b>10,4</b>	<b>1,7%</b>	<b>26,2</b>	<b>4,3%</b>
Taxes	(0,6)	(0,1%)	(10,4)	(1,7%)
<b>Net income</b>	<b>9,8</b>	<b>1,6%</b>	<b>15,8</b>	<b>2,6%</b>

**Balance sheet:**

	31.12.2003	31.12.2002
	Euro mil.	Euro mil.
Trade receivables	208,3	235,5
Net inventory	105,8	101,2
Trade payables	(173,6)	(147,4)
Other current assets (liabilities)	10,3	(0,8)
<b>Net working capital</b>	<b>150,8</b>	<b>188,5</b>
Fixed assets:		
Intangible assets	80,4	87,8
Tangible assets	99,1	100,6
Financial assets	297,4	48,1
Non current liabilities	(39,2)	(26,6)
<b>Total capital employed</b>	<b>588,5</b>	<b>398,4</b>
<b>Net equity</b>	<b>519,1</b>	<b>518,3</b>
<b>Net financial position</b>	<b>(69,4)</b>	<b>119,9</b>

## De'Longhi S.p.A. consolidated financial statement as at December, 31<sup>st</sup> 2003

### Income statement as at December, 31<sup>st</sup> 2003 year-to-date:

	<b>2003</b>	<b>% of sales</b>	<b>2002</b>	<b>% of sales</b>
	Euro mil.	%	Euro mil.	%
Net revenues	1.278,0	100,0%	1.273,7	100,0%
	<i>Change 2003 - 2002</i>	<i>4,3</i>		<i>0,3%</i>
Cost of materials	(624,7)	(48,9%)	(615,6)	(48,3%)
<b>Gross margin</b>	<b>653,3</b>	<b>51,1%</b>	<b>658,1</b>	<b>51,7%</b>
Services and other operating expenses	(328,1)	(25,7%)	(302,6)	(23,8%)
<b>Value added</b>	<b>325,2</b>	<b>25,4%</b>	<b>355,5</b>	<b>27,9%</b>
Labour costs	(162,4)	(12,7%)	(162,3)	(12,7%)
Provisions	(11,8)	(0,9%)	(12,8)	(1,0%)
<b>EBITDA</b>	<b>151,0</b>	<b>11,8%</b>	<b>180,4</b>	<b>14,2%</b>
	<i>Change 2003 - 2002</i>	<i>(29,4)</i>		<i>(16,3%)</i>
Depreciation and amortisation	(66,3)	(5,2%)	(70,4)	(5,5%)
<b>EBIT</b>	<b>84,7</b>	<b>6,6%</b>	<b>109,9</b>	<b>8,6%</b>
	<i>Change 2003 - 2002</i>	<i>(25,3)</i>		<i>(23,0%)</i>
Net financial expenses	(33,9)	(2,7%)	(36,3)	(2,8%)
Extraordinary income (expenses)	(11,6)	(0,9%)	(5,4)	(0,4%)
<b>Earnings before taxes</b>	<b>39,2</b>	<b>3,1%</b>	<b>68,3</b>	<b>5,4%</b>
Taxes	(16,7)	(1,3%)	(28,0)	(2,2%)
<b>Income before minorities</b>	<b>22,4</b>	<b>1,8%</b>	<b>40,3</b>	<b>3,2%</b>
Minorities	0,1	0,0%	0,3	0,0%
<b>Net Income</b>	<b>22,3</b>	<b>1,7%</b>	<b>40,0</b>	<b>3,1%</b>

### Balance sheet:

	<b>31.12.2003</b>	<b>31.12.2002</b>
	Euro mil.	Euro mil.
Trade receivables	300,9	327,1
Net inventory	260,4	233,8
Trade payables	(308,6)	(290,9)
Other current assets (liabilities)	(3,6)	(0,8)
<b>Net working capital</b>	<b>249,2</b>	<b>269,1</b>
Fixed assets:		
Intangible assets	430,3	434,6
Tangible assets	215,3	221,0
Financial assets	8,1	8,0
Non current liabilities	(93,7)	(108,8)
<b>Total capital employed</b>	<b>809,3</b>	<b>824,0</b>
<b>Net equity</b>	<b>(562,1)</b>	<b>(554,9)</b>
<b>Net financial position</b>	<b>(247,2)</b>	<b>(269,1)</b>