



Treviso, August 31st 2012

PRESS RELEASE

De'Longhi and Procter & Gamble have finalized a perpetual licensing agreement for the Braun brand for the use in household small appliances.

After the completion of the authorization process with the relevant bodies (Antitrust and German Unions) and after the fulfillment of the conditions precedent, the De'Longhi Group ("De' Longhi") (www.delonghi.com) and Procter & Gamble ("P&G") (www.pg.com) have finalized today, effective September 1st, the final agreement for the perpetual licensing to De'Longhi of the **Braun** brand, owned by P&G, for the small domestic appliances in the kitchen, ironing and other minor product categories, thus bringing into full effect the preliminary agreements underwritten on April 16th 2012. This licensing agreement does not include the Braun Male Dry Shaving, Female Electric Hair Removal, Hair Care and Beautronics categories which will remain within the P&G portfolio.

As previously announced¹, the deal, in addition to the perpetual licensing of the Braun brand and to the acquisition of the connected patents and know-how (in the aforementioned product categories), includes also the acquisition of a few productive assets (production lines and moulds), of a certain number of employees (about one hundred) located in Germany and of the inventory connected to the relevant product categories. P&G will retain the property of the Braun brand.

The acquired Braun assets generated in the last fiscal period (2011/2012) net revenues totaling Euro 191 million and a net contribution (a proxy for Ebitda before labor and other administrative costs) of Euro 28 million.

The transaction value (excluding the inventory which will be determined at a later stage) is divided into three components:

- Euro 50 million paid today, simultaneously with the signing of the agreements;
- Euro 90 million (in net present value) together with accrued interests, split over the next 15 years, in constant annual payments, and
- a variable portion, or "earn-out", connected to the performance of the sales ("CAGR") under the Braun brand over the first five years after the closing of the deal, with a minimum and maximum value of 0 and Euro 122.1 million respectively (not discounted).

In relation to the earn-out, a first payment between 0 and Euro 100 million will be paid three years after the closing, based on the 3-year sales CAGR, while the balance – calculated on the actual 5-year sales CAGR– will be paid on the fifth year, for a total maximum consideration (the sum of the first payment and the balance) that will not exceed Euro 122.1 million, as already stated².

¹ As per our press release on April 16th, 2012

² With regard to the value previously reported in our press release dated April 16th, here we are indicating the nominal value, which is diverging from the present value according to the discounting rate used and the timing of the effective payment.

Under the agreement, at the moment of the integration of the acquired business, after a transitional period which will allow the Group to put in place all the required procedures to manage the acquired activities autonomously, and in any case not before January 1st, 2013, De'Longhi will purchase from P&G the inventory (but not the other short-term assets or liabilities connected to the business) at a price regulated by the contract which will be based on the existing quantities at the end of the transitional period.

The Group will not assume any financial debt in connection with the deal.

The deal, including the inventory purchase, will be financed by De'Longhi partially through a funding program which is about to be finalized (which includes two bank loans for a total of Euro 80 million, and a US Private Placement for about Euro 70 million³) and for the remaining part it will be financed internally.

The agreement just finalized adds to the De'Longhi Group brands portfolio a new, high-end, prestigious brand. Braun is known all over the world as a synonym of innovation and design, characteristics which makes it perfectly aligned with De'Longhi's strategy and corporate culture. Thanks to the perpetual licensing of the brand (in the aforementioned product categories) the De'Longhi group significantly strengthens its market positioning and will be able to fully leverage on the potential of a global brand such as Braun in its expansion abroad.

We inform that the "documento informativo" ex art. 71 of the "Regolamento Consob n.11971/1999" as subsequently amended and integrated ("Regolamento Emittenti") was not published as the deal is within the "parametri di significatività" as per "Allegato 3B" to the "Regolamento Emittenti".

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Contacts:

for analysts and investors:

Investor Relations:

Fabrizio Micheli, T: +39 0422 413235

Marco Visconti, T: +39 0422 413764

e-mail: investor.relations@delonghi.it

for the press:

Valentina Zanetti

T: +39 0422 413384

e-mail: valentina.zanetti@delonghi.it

on the web:

<http://investors.delonghi.com/it/index.php>

³ As per our press release on June 26th, 2012.