

Treviso, August 29, 2011

PRESS RELEASE

De' LONGHI SpA: HALF YEAR 2011 RESULTS

The Board of Directors of De' Longhi S.p.A. has approved the consolidated results of the first half 2011: revenues increased to € 763.1 million (+17.2%), thanks to the positive contribution of both divisions; Ebita before non recurring items improved from € 66.5 million (or 10.2% of revenues) to € 88.7 million (or 11.6% of revenues); net profit grew from € 17.8 million to € 34 million.

Summary

the second quarter
April 1st – June 30, 2011

- revenues growing by 14.3% to € 400.5 million;
- the net industrial margin grew to € 174.3 million from € 155.8 million, despite a decline of a percentage point of revenues;
- Ebitda before non recurring items improved from € 34.4 million (9.8% of revenues) to € 44.6 million (11.1% of revenues);
- Ebit reached € 33.4 million, from € 22.8 million, thus progressing by 1.8 percentage points of revenues (from 6.5% to 8.3%).

the six months
January 1st – June 30, 2011

- revenues grew by 17.2% in the six months, from € 651 million to € 763.1 million;
- net industrial margin increased from € 290 million to € 334.3 million (despite a decline as a percentage of revenues, from 44.6% to 43.8%);
- Ebitda before non recurring items improved both in value and as a percentage of revenues, i.e. respectively to € 88.7 million (from € 66.5 million) and to 11.6% (from 10.2%);
- likewise, Ebit improved both in value (from € 45.4 to € 67.1 million) and as a percentage of revenues (from 7% to 8.8%);
- net profit amounted to € 34 million (vs. € 17.8 million in HY 2010);
- net indebtedness amounted to € 12.1 million, declining by € 57.9 million in the twelve months.

The results of the first half 2011

The Board of Directors of De' Longhi S.p.A. has approved the consolidated results of the first half of 2011, which confirmed a favourable trend of both sales and profitability, more remarkably for

the industrial air conditioning business.

In fact, while in the previous quarters Household was the driving business, in the second quarter 2011 the Professional division emerged with a noticeable performance of revenues and profitability, thanks to the investments in technology made in the past months and to the increasing focus on business segments with high R&D contents.

revenues

Group's revenues grew by 17.2% (14.3% in the second quarter), reaching € 763.1 million (€ 400.5 million in the quarter).

Revenues' growth was noticeable in both the divisions, Household (+18.1% in the six months and +12.6% in the quarter) and Professional (+15% in the six months and +19.2% in the quarter).

Driving products were the coffee makers (particularly the Nespresso and Dolce Gusto ranges), the food preparation of Kenwood and the industrial air conditioning, all of them with double digit growths.

At a geographical breakdown, all main reference markets (excepted Spain) were showing positive developments, with emerging markets accelerating thanks to a stronger direct presence of the Group (e.g. the new commercial structures in Dubai and Ukraine).

	half year 2011			2nd quarter 2011		
	M €	Ch. yoy	Ch. yoy %	M €	Ch. yoy	Ch. yoy %
Total revenues	763,1	112,1	17,2 %	400,5	50,0	14,3 %
divisions:						
- Household	587,2	90,1	18,1 %	300,2	33,5	12,6 %
- Professional	178,8	23,3	15,0 %	101,3	16,3	19,2 %

operating margins

The increases of raw materials' prices are the main cause of the slight decline of the percentage (of revenues) of the net industrial margin, from 44.6% (€ 290.6 million) to 43.8% (€334.3 million).

However, the control of other operating costs (but without limiting the investments in Advertisement & Promotional activities) allowed the Group to safeguard the margins (both Ebitda and Ebit), which in fact were improving.

Ebitda, before non recurring costs amounting to € 2,5 million, amounted to € 88.7 million (or 11.6% of revenues), vs. € 66.5 million (or 10.2% of revenues) in 2010. In the second quarter, the margin increased from € 34.4 million (or 9.8% of revenues) to € 44.6 million (or 11.1% of revenues).

Likewise, Ebit grew from € 45.4 million (or 7% of revenues) to € 67.1

million (or 8.8% of revenues); in the second quarter, the margin went up to € 33.4 million (or 8.3% of revenues) from € 22.8 million (or 6.5% of revenues).

	first half 2011		2nd quarter 2011	
	M €	% of revenues	M €	% of revenues
Net industrial margin	334,3	43,8 %	174,3	43,5 %
EBITDA (before non rec. items)	88,7	11,6 %	44,6	11,1 %
EBIT	67,1	8,8 %	33,4	8,3 %

financial charges Net financial charges declined from € 17 million down to € 12.4 million, thus reflecting the reduction of the Group's net debt position, despite an environment of increasing interest rates in the Euro area. More specifically, it's worth evidencing the interests due on the medium term loans and a positive exchange rates effect.

net profit Net profit pertaining to the Group showed an improvement amounting to € 16.3 million, up to € 34 million, which, having been obtained in the first six months of the current year, is higher than that obtained in the full 2009.

net debt The net debt maintained its decline path, though the second quarter is traditionally the peak of absorption of financial resources, and stood substantially in line with the level of year's inception.

In fact, the financial position of the Group at June 30 was negative by € 12.1 million; however, net of the fair value of derivative instruments and of options related to shares of affiliate companies (according to IFRS), the financial position would turn positive to € 5.4 million, vs. a negative position of € 80.2 million at June 30, 2010.

the working capital The development of the cash flows benefited from the effective management of the working capital, which went down to 12 % of revenues (from 17% in June 2010). The level of inventories, despite the strong growth of sales, was not significantly diverging from the value at end of June 2010 (€ 365.2 million vs. € 357.7 million in 2010), while, as a percentage of 12 months rolling revenues, it improved from 25% to 21%.

<i>€ milioni</i>	30.6.2011	30.6.2010	ch. 12 months
short term financial position	97,4	41,0	56,5
medium term financial position	(92,0)	(121,2)	29,2
Fair Value derivatives and options	(17,6)	10,2	(27,8)
NET FINANCIAL POSITION	(12,1)	(70,0)	57,9

Events following the end of the quarter

During the month of July, the Board of Directors of De' Longhi S.p.A. approved the partial proportional spin off of De' Longhi S.p.A. in favour of a wholly owned company, De' Longhi Clima S.p.A.

Said transaction is aimed at separating the activities of the two current divisions of the De' Longhi Group, i.e. the activities of the Professional business from the ones of the Household business.

The spin off transaction was announced to the market on last July 21, 2011; whoever is interested in having more details can refer to the press release issued on that date.

There are no other material events following the end of the quarter.

Foreseeable business development

The Group, in the second quarter, confirmed the growth trend of revenues and margins of both divisions, within an economic framework subject to a high uncertainty, and is confident to be able to continue on this path in the second half of the year, although the current macroeconomic scenario, showing strong tensions in the financials and commodities markets, suggests a prudent approach.

Declaration of the manager responsible for the company's accounts.

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.

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A N N E X
Consolidated results of De' Longhi Group as at June 30, 2011

Consolidated Income Statement

(Euro million)	1st half 2011	% on revenues	1st half 2010	% on revenues
Net revenues	763,1	100,0%	651,0	100,0%
<i>change</i>	<i>112,1</i>	<i>17,2%</i>		
Materials consumed and other production costs (services and production payroll costs)	(428,8)	(56,2%)	(360,4)	(55,4%)
Net Industrial margin	334,3	43,8%	290,6	44,6%
Cost for goods and services	(164,6)	(21,6%)	(147,2)	(22,6%)
Added value	169,7	22,2%	143,4	22,0%
Labour cost (non industrial)	(71,7)	(9,4%)	(62,2)	(9,5%)
Provisions	(9,2)	(1,2%)	(14,8)	(2,3%)
EBITDA				
before non recurring items	88,7	11,6%	66,5	10,2%
<i>change</i>	<i>22,2</i>	<i>33,4%</i>		
Non recurring items	(2,5)	(0,3%)	(2,9)	(0,4%)
EBITDA	86,2	11,3%	63,6	9,8%
Amortization	(19,1)	(2,5%)	(18,3)	(2,8%)
EBIT	67,1	8,8%	45,4	7,0%
<i>change</i>	<i>21,8</i>	<i>48,0%</i>		
Net financial charges	(12,4)	(1,6%)	(17,0)	(2,6%)
Profit before taxes	54,8	7,2%	28,4	4,4%
Taxes	(20,4)	(2,7%)	(10,6)	(1,6%)
Profit / (Loss) of the period	34,3	4,5%	17,8	2,7%
Profit (loss) pertaining to minority interests	0,3	0,0%	0,1	0,0%
Profit (loss) pertaining to the Group	34,0	4,5%	17,8	2,7%

Consolidated Balance Sheet

(Euro million)	30.06.2011	30.06.2010	31.12.2010	change 30.06.11 – 30.06.10	change 30.06.11 – 31.12.10
- intangible assets	409,4	416,6	408,6	(7,2)	0,8
- tangible assets	192,1	182,4	186,4	9,7	5,7
- financial assets	2,7	2,3	2,1	0,5	0,7
- deffered tax assets	39,2	36,6	33,5	2,5	5,7
Fixed asstes	643,5	637,9	630,6	5,5	12,9
- inventories	365,2	357,7	288,0	7,5	77,2
- trade receivables	274,1	260,1	387,9	14,0	(113,8)
- trade payables	(362,2)	(324,2)	(374,2)	(38,0)	12,0
- other net current assets / (liabilities)	(61,0)	(47,0)	(74,9)	(13,9)	13,9
Net working capital	216,1	246,6	226,9	(30,5)	(10,8)
Non current liabilities	(95,5)	(87,4)	(92,2)	(8,2)	(3,4)
Net invested capital	764,0	797,1	765,3	(33,1)	(1,3)
Net financial position	(12,1)	(70,0)	(4,7)	57,9	(7,4)
Total shareholders' equity	(751,9)	(727,1)	(760,6)	(24,8)	8,7
Total net financial position and shareholders' equity	(764,0)	(797,1)	(765,3)	33,1	1,3

Consolidated Cash Flow Statement

(Euro million)	1st half 2011	1st half 2010	31.12.2010 (12 months)
Cash flow from operations	75,9	57,4	168,0
Cash flow from changes in working capital	(16,9)	2,8	9,5
Cash flow from operations and changes in working capital	59,1	60,3	177,5
Cash flow from investments	(25,2)	(18,3)	(45,4)
Operating cash flow	33,9	41,9	132,1
Cash flow from non recurring items	(2,2)	-	-
Cash flow from changes in the net equity	(39,1)	5,1	(19,7)
Net cash flow	(7,4)	47,1	112,4
Opening net financial position	(4,7)	(117,1)	(117,1)
Closing net financial position	(12,1)	(70,0)	(4,7)

Business Segments

(Euro million)	1st half 2011				1st half 2010			
	Household	Professional	Corporate	Total Group	Household	Professional	Corporate	Total Group
Net Revenues	587,2	178,8	6,5	763,1	497,0	155,5	5,7	651,0
<i>change 2011/2010</i>	90,1	23,3		112,1				
<i>change %</i>	18,1%	15,0%		17,2%				
Net Revenues at constant exchange rates	586,5	178,6	6,5	762,3	497,3	155,5	5,7	651,4
<i>change 2011/2010 at constant exch. rates</i>	89,2	23,1		110,9				
<i>change %</i>	17,9%	14,9%		17,0%				
EBITDA before non recurring items	76,9	16,6	(4,8)	88,7	55,1	13,6	(2,3)	66,5
<i>change 2011/2010</i>	21,8	2,9		22,2				
<i>% on revenues</i>	13,1%	9,3%		11,6%	11,1%	8,8%		10,2%
EBITDA	76,2	15,6	(5,6)	86,2	53,7	12,1	(2,3)	63,6
<i>change 2011/2010</i>	22,5	3,4		22,6				
<i>% on revenues</i>	13,0%	8,7%		11,3%	10,8%	7,8%		9,8%
EBIT	62,4	10,6	(5,9)	67,1	40,5	7,4	(2,6)	45,4
<i>change 2011/2010</i>	21,9	3,2		21,8				
<i>% on revenues</i>	10,6%	5,9%		8,8%	8,1%	4,8%		7,0%