Treviso, May 12, 2011

PRESS RELEASE

# De' LONGHI SpA:
# The Board of Directors has approved the results of the first quarter 2011. Revenues grew by 20.6% to € 362.6 million; EBITDA (before non recurring items) increased by 37.4% to € 44.1 million (or 12.2% of revenues); the net profit amounted to € 18.9 million (or 5.2% dei ricavi) from € 10.2 million (+85.3%).

## Summary

the first quarter
January 1st – March 31st, 2011

- net revenues grew by 20.6% to € 362.6 million;
- EBITDA before non recurring items improved by 37.4% to € 44.1 million, from 10.7% to 12.2% of revenues;
- EBIT amounted to € 33.8 million (or 9.3% of revenues), improving by 49.8%;
- net profit stood at € 18.9 million (from € 10.2 million), increasing by 85.3%;
- net debt, amounting to € 26.6 million, decreased by € 98.3 million in the twelve months;
- the Household division delivered a 24.6% growth in revenues and an EBITDA (before non recurring items) at 14.8% (from 13.3%);
- the Professional division performed well in revenues (+10%) and improved the EBITDA margin.

## The first quarter 2011

The Board of Directors has approved the results of the first quarter 2011 of the De' Longhi Group.

The first months of this year showed a continuation of the favourable trend of Household division, driven by coffee machines of De' Longhi and food processors of Kenwood, and a recovery of the industrial air conditioning business.

The significant increases in sales (+24.6% for the Household division and +10% for the Professional division) led to an improved EBITDA, despite the hikes of raw materials' prices, counterbalanced by a lower incidence of costs of services and of non industrial labour.
Generally speaking, the Group benefited from a rather dynamic product mix and from a growing commercial penetration in the

emerging markets.

revenues

Net revenues increased by 20.6% , from € 300.6 million to € 362.6 million. Such result was possible thanks to the contribution of both divisions, as already mentioned.

The trend of all reference markets was positive (excepted Spain), mainly Germany, Japan and emerging markets, whose incidence grew by about 2 percentage points on total sales.

The sales' growth at constant exchange rates was 18%.

| | 1st quarter 2011 | | |
|---|---|---|---|
| | M € | *ch. yoy* | *ch.. yoy %* |
| **Total revenues:** | **362,6** | ***62,0*** | ***20,6 %*** |
| Divisions: | | | |
| *- Household* | *287,0* | ***56,6*** | ***24,6 %*** |
| *- Professional* | *77,5* | ***7,0*** | ***10,0 %*** |

the operating margins

Although the increase of raw materials' and components' prices led to a slight contraction of net industrial margin (from 44.8% to 44.1%), the Grouop delivered significant improvements of final margins, thanks to a lower incidence of costs of services and non industrial labour on sales; EBITDA amounted to € 44.1 million (before non recurring items), representing a 37.4% increase vs 2010, thus standing at 12.2% of revenues.

We outline that EBITDA margin (before non recurring items) of the Household division was 14.8% (from 13.3%), not materially far from the percentage of the last two quarters of 2010, that were remarkably positive.

After non recurring items of € 0.8 million, EBIT amouonted to € 33.8 million (or 9.3% of revenues), growing by 49.8% vs. 2010.

| | 1st quarter 2011 | | 1st quarter 2010 | |
|---|---|---|---|---|
| | M € | *% on reveneus* | M € | *% on revenues* |
| **Net industrial margin** | **159,9** | ***44,1 %*** | **134,8** | ***44,8 %*** |
| **EBITDA** | **43,3** | ***11,9 %*** | **31,7** | ***10,5 %*** |
| **EBIT** | **33,8** | ***9,3 %*** | **22,5** | ***7,5 %*** |

net profit

Net profit pertaining to the Group grew from € 10.2 million to € 18.9 million, or 5.2% of revenues (+85.3%).

net debt

The net indebtedness amounted to € 26.6 million, in the presence of higher sales of € 62 million, thus confirming the favourable trend of cash flow in the 12 months. In fact, althought the net debt increased by € 21.9 million vs. end of 2010 (the most favourable phase of the annual financial cycle), it declined by € 98.3 million in the 12 months.

The net working capital, amounting to € 250 million (vs. € 294.9 million at march 2010), though supporting the current strong trend of sales, remains within a medium term improvement trend, with an incidence on sales decreasing vs. March 2010 (14.8% vs. 20.9%).

### Events following the end of the quarter

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

### Foreseeable business development

Within a global economic scenario which remains subject to a high volatility – from raw materials to currencies and budget deficits of some countries – the Group confirmed the trend shown in the second half of 2010, specifically for core products, and carries on its growth in line with expectations already communicated.

### 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.

It must be noticed that the "Resoconto Intermedio di Gestione" (the first quarter report), drawn according to art. 154-ter, comma 5 of the T.U.F., is not audited.

## Contacts


| | |
|---|---|
| for analysts and investors | Fabrizio Micheli, Investor Relations,<br>T: +39 0422 413235<br>e-mail: investor.relations@delonghi.it |
| for the press | Valentina Zanetti: T: +39 0422 413384<br>e-mail: valentina.zanetti@delonghi.it |
| on the web | http://www.delonghi.com<br>http://investors.delonghi.com/en/index.php |

# A N N E X

## Consolidated results of De' Longhi Group as at March 31, 2011

### Consolidated Income Statement

| Euro million | 1st quarter 2011 | % on revenues | 1st quarter 2010 | % on revenues |
|---|---|---|---|---|
| **Net revenues** | **362,6** | **100,0%** | **300,6** | **100,0%** |
| *change* | *62,0* | *20,6%* | | |
| Materials consumed and other production costs (services and production payroll costs) | (202,7) | (55,9%) | (165,8) | (55,2%) |
| **Net industrial margin** | **159,9** | **44,1%** | **134,8** | **44,8%** |
| Costs of services and other expenses | (80,4) | (22,2%) | (72,2) | (24,0%) |
| Labour cost (non industrial) | (35,4) | (9,8%) | (30,5) | (10,2%) |
| **EBITDA before non recurring items** | **44,1** | **12,2%** | **32,1** | **10,7%** |
| *change* | *12,0* | *37,4%* | | |
| Non recurring items | (0,8) | (0,2%) | (0,4) | (0,1%) |
| **EBITDA** | **43,3** | **11,9%** | **31,7** | **10,5%** |
| *change* | *11,6* | *36,7%* | | |
| Amortization | (9,5) | (2,6%) | (9,1) | (3,0%) |
| **Ebit** | **33,8** | **9,3%** | **22,5** | **7,5%** |
| *change* | *11,2* | *49,8%* | | |
| Net financial charges | (4,8) | (1,3%) | (6,3) | (2,1%) |
| **Profit before taxes** | **28,9** | **8,0%** | **16,2** | **5,4%** |
| Taxes | (9,8) | (2,7%) | (6,1) | (2,0%) |
| **Profit / (Loss) of the period** | **19,1** | **5,3%** | **10,1** | **3,4%** |
| Profit (loss) pertaining to minority interests | 0,2 | 0,1% | (0,1) | (0,0%) |
| **Profit (loss) pertaining to the Group** | **18,9** | **5,2%** | **10,2** | **3,4%** |

## Consolidated Balance Sheet

| Eiro million | 31.03.2011 | 31.03.2010 | 31.12.2010 | change 31.03.11 – 31.03.10 | change 31.03.11 – 31.12.10 |
|---|---|---|---|---|---|
| - intangible assets | 407,3 | 413,9 | 408,6 | (6,6) | (1,4) |
| - tangible assets | 186,9 | 177,8 | 186,4 | 9,1 | 0,4 |
| - financial assets | 2,3 | 2,6 | 2,1 | (0,3) | 0,2 |
| - deffered tax assets | 37,7 | 36,0 | 33,5 | 1,7 | 4,2 |
| **Fixed asstes** | **634,1** | **630,3** | **630,6** | **3,8** | **3,5** |
| - inventories | 329,0 | 296,6 | 288,0 | 32,4 | 41,0 |
| - trade receivables | 277,7 | 295,2 | 387,9 | (17,4) | (110,2) |
| - trade payables | (299,1) | (256,7) | (374,2) | (42,4) | 75,1 |
| - other net current assets / (liabilities) | (57,6) | (40,1) | (74,9) | (17,5) | 17,3 |
| **Net working capital** | **250,0** | **294,9** | **226,9** | **(44,9)** | **23,1** |
| - deferred tax liabilities | (19,7) | (24,1) | (19,4) | 4,5 | (0,3) |
| - employee benefits | (24,9) | (26,5) | (25,9) | 1,6 | 1,0 |
| - other provisions | (49,5) | (37,8) | (46,9) | (11,7) | (2,6) |
| **Non current liabilities** | **(94,0)** | **(88,4)** | **(92,2)** | **(5,6)** | **(1,9)** |
| **Net invested capital** | **790,1** | **836,8** | **765,3** | **(46,7)** | **24,8** |
| **Net financial position** | **(26,6)** | **(124,9)** | **(4,7)** | **98,3** | **(21,9)** |
| **Total shareholders' equity** | **(763,5)** | **(711,9)** | **(760,6)** | **(51,5)** | **(2,9)** |
| **Total net financial position and shareholders' equity** | **(790,1)** | **(836,8)** | **(765,3)** | **46,7** | **(24,8)** |

## Consolidated Cash Flow Statement

| Euro million | 31.03.2011 (3 months) | 31.03.2010 (3 months) | 31.12.2010 (12 months) |
|---|---|---|---|
| cash flow from operations and from changes in working capital | (0,5) | (9,7) | 177,5 |
| Cash flow from investments | (9,9) | (6,4) | (45,4) |
| **Operating cash flow** | **(10,4)** | **(16,1)** | **132,1** |
| Dividends | - | - | (12,0) |
| cash flow from changes in *Fair value* and *Cash flow hedge* reserves | (7,2) | 7,3 | (7,0) |
| cash flow from change in conversion reserve | (4,5) | 1,1 | (0,7) |
| cash flow from changes in the minorities' equity | 0,2 | (0,1) | - |
| **Cash flow from changes in the net equity** | **(11,5)** | **8,3** | **(19,7)** |
| **Net cash flow** | **(21,9)** | **(7,8)** | **112,4** |
| Opening net financial position | (4,7) | (117,1) | (117,1) |
| **Closing net financial position** | **(26,6)** | **(124,9)** | **(4,7)** |

## Business Segments

| | 1st quarter 2011 | | | | 1st quarter 2010 | | | |
|---|---|---|---|---|---|---|---|---|
| Euro million | ***Household*** | ***Professional*** | ***Corporate*** | **Total Group** | ***Household*** | ***Professional*** | ***Corporate*** | **Total Group** |
| Net Revenues | 287,0 | 77,5 | 3,3 | **362,6** | 230,4 | 70,5 | 3,0 | **300,6** |
| *change* | *56,6* | *7,0* | *0,4* | ***62,0*** | | | | |
| *change %* | *24,6%* | *10,0%* | *11,9%* | ***20,6%*** | | | | |
| EBITDA before non recurring items | 42,6 | 4,4 | (2,9) | **44,1** | 30,7 | 3,1 | (1,7) | **32,1** |
| *change* | *11,8* | *1,4* | *(1,2)* | ***12,0*** | | | | |
| *margin % of revenues* | *14,8%* | *5,7%* | | ***12,2%*** | *13,3%* | *4,3%* | | ***10,7%*** |