



PRESS RELEASE

Treviso, 12th May 2006

**DE'LONGHI SpA: Results for the three month period ended 31<sup>st</sup> March 2006 approved by the Board of Directors.**

- Consolidated net sales up by 17.9% at € 276.2 million (mn).
- Industrial Margin grew to € 103.4 mn from € 92.9 mn, in spite of unfavourable exchange rate movements and higher raw material costs.
- EBITDA was € 19.5 mn (+ 35.5%) and EBIT stood at € 9.7 mn (+ 67.2%).
- Profit before tax stood at € 0.2 mn compared to a loss before tax of € 2.0 mn in the first quarter of 2005.
- Net financial debt stood at € 511.9 mn, substantially flat compared to the figure as of 31st December 2005. The trend of the net financial position compared to the same period of last year (€ 477.9 mn) reflects an increase of trade receivables related to sales in the quarter and the expected growth of stock.

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**Main results of the first quarter 2006**

The Board of Directors of the De' Longhi Group has approved today the results for the three month period ended 31<sup>st</sup> March 2006.

Net sales increased by 17.9% to € 276.2 mn, thanks to the positive trading performance of the main businesses in which the Group operates.

The industrial margin increased to € 103.4 mn from € 92.9 mn, with an incidence on sales of 37.4% from 39.7% in the first quarter of 2005, as a consequence of unfavourable exchange rate movements and higher raw material costs.

The control of incidence of service and labour costs on sales allowed the Group to achieve a more than proportional growth of EBITDA and EBIT compared to the revenue increase (respectively



+35.5% and +67.2%); as a consequence EBITDA and EBIT margins stood at 7.1% and 3.5% (6.2% and 2.5% in the first quarter of 2005).

Even in presence of higher net financial charges (€ 9.6 mn from € 7.8 mn) the first quarter of 2006 closed with a profit before tax of € 0.2 mn in (loss before tax of € 2.0 mn in Q1 2005).

In terms of geographic performance, main reference markets all reported increasing revenues, excluding the UK where consumption patterns are still weak. European markets, mainly Germany, France and the other Western European Countries reported a brilliant trading performance. Italy benefited from the positive contribution of small kitchen appliances; in North America, Japan and the Rest of the World all main business segments recorded a revenue growth.

Sales for the household division increased by 19.9%, by virtue of the significant contribution of coffee makers, small kitchen appliances and portable heating appliances, product families which have a good profitability and which allowed the improvement of the EBITDA margin of the division (6.0% from 5.4% in first quarter of 2005).

In the professional division (sales increase of 11.9%), water-filled radiators and large thermo-cooling machines both reported a significant revenue growth, offsetting the revenue decline for air conditioners. The profitability of the professional division (10.5% from 8.5%) benefited from increasing margins for thermo-cooling machines.

In the first quarter of 2006 there was a low absorption of cash (€ 0.5 mn, with net debt at € 511.9 mn) even though the period from January to March is traditionally marked by an increase in the net financial position compared to the year end. The trend of the net debt compared to the first quarter of 2005 (€ 477.9 mn) reflects the growth of working capital following higher trade receivables relative to the sales in the quarter and an increase of stock.

“We are pleased with the sales growth at the beginning of this fiscal year” – said the CEO Fabio De’ Longhi – and with the achievement of a better profitability, in spite of the unfavourable exchange rate movements and higher raw material costs.”

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### **Foreseeable business development**

In light of the positive trend in the first quarter of the year, the Group confirms its target of achieving a sales growth for the full year.

### **Note**

The figures included in the financial statements have been prepared in accordance with IFRS international accounting principles; the comparable figures for the same period in 2005 have been reclassified in accordance with the new international principles.

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## De'Longhi S.p.A. consolidated financial statement as at March, 31st 2006

### Income statement as at March, 31<sup>st</sup> 2006 year-to-date:

<i>(Euro millions)</i>	<i>I Quarter 2006</i>	<i>% on revenues</i>	<i>I Quarter 2005</i>	<i>% on revenues</i>
<b>Net revenues</b>	<b>276.2</b>	<b>100.0%</b>	<b>234.2</b>	<b>100.0%</b>
<i>Changes</i>	<i>42.0</i>	<i>17.9%</i>		
Consumption and industrial costs (services and industrial labour)	(172.8)	(62.6%)	(141.3)	(60.3%)
<b>Gross profit</b>	<b>103.4</b>	<b>37.4%</b>	<b>92.9</b>	<b>39.7%</b>
Cost of services and other expenses	(59.2)	(21.5%)	(54.1)	(23.1%)
<b>Value added</b>	<b>44.1</b>	<b>16.0%</b>	<b>38.8</b>	<b>16.6%</b>
Payroll (non industrial)	(22.8)	(8.2%)	(21.7)	(9.3%)
Provisions	(1.6)	(0.6%)	(2.4)	(1.0%)
<b>EBITDA before extraordinary income (expenses)</b>	<b>19.7</b>	<b>7.1%</b>	<b>14.7</b>	<b>6.3%</b>
Extraordinary income (expenses)	(0.2)	(0.1%)	(0.3)	(0.1%)
<b>EBITDA</b>	<b>19.5</b>	<b>7.1%</b>	<b>14.4</b>	<b>6.2%</b>
<i>Changes</i>	<i>5.1</i>	<i>35.5%</i>		
Amortization and depreciation	(9.8)	(3.5%)	(8.6)	(3.7%)
<b>EBIT</b>	<b>9.7</b>	<b>3.5%</b>	<b>5.8</b>	<b>2.5%</b>
<i>Changes</i>	<i>3.9</i>	<i>67.2%</i>		
Financial income (expenses)	(9.6)	(3.5%)	(7.8)	(3.3%)
<b>Profit before taxes</b>	<b>0.2</b>	<b>0.1%</b>	<b>(2.0)</b>	<b>(0.8%)</b>
Taxes	(1.3)	(0.5%)	(0.2)	(0.1%)
<b>Profit (loss) for the period</b>	<b>(1.1)</b>	<b>(0.4%)</b>	<b>(2.1)</b>	<b>(0.9%)</b>
Minority interests	0.2	0.0%	0.0	0.0%
<b>Profit (loss) pertaining to the Group</b>	<b>(1.3)</b>	<b>(0.5%)</b>	<b>(2.2)</b>	<b>(0.9%)</b>

## Balance sheet as at March. 31<sup>st</sup> 2006

<i>(Euro millions)</i>	3103.06	31.12.2005	Changes 31.03.06 – 31.12.05	31.03.2005	Changes 31.03.06 – 31.03.05
<b>Fixed assets</b>	<b>730.7</b>	<b>730.2</b>	<b>0.5</b>	<b>698.1</b>	<b>32.7</b>
- Net inventory	372.6	340.2	32.3	357.2	15.3
- Trade receivables	377.7	450.1	(72.4)	343.6	34.1
- Trade payables	(259.2)	(285.9)	26.7	(253.4)	(5.9)
- Other current assets (liabilities)	(26.7)	(34.5)	7.8	(7.0)	(19.7)
<b>Net working capital</b>	<b>464.3</b>	<b>469.8</b>	<b>(5.6)</b>	<b>440.5</b>	<b>23.8</b>
Non current liabilities	(98.6)	(103.1)	4.5	(97.2)	(1.4)
<b>Total capital employed</b>	<b>1.096.4</b>	<b>1.096.9</b>	<b>(0.5)</b>	<b>1.041.3</b>	<b>55.1</b>
<b>Net debt</b>	<b>511.9</b>	<b>511.4</b>	<b>0.5</b>	<b>477.9</b>	<b>34.0</b>
<b>Total shareholders' equity</b>	<b>584.5</b>	<b>585.5</b>	<b>(1.0)</b>	<b>563.5</b>	<b>21.1</b>
<b>Total net debt and shareholders' equity</b>	<b>1.096.4</b>	<b>1.096.9</b>	<b>(0.5)</b>	<b>1.041.3</b>	<b>55.1</b>

## Revenues by geographical area

<i>(Euro millions)</i>	<b>I Quarter 2006</b>	<b>%</b>	<b>I Quarter 2005</b>	<b>%</b>	<b>Changes %</b>
<b>Geographical area</b>					
Italy	64.1	23.2%	62.0	26.5%	3.5%
United Kingdom	34.4	12.5%	36.4	15.5%	(5.4)%
Rest of Europe	94.8	34.3%	82.2	35.1%	15.3%
North America	21.0	7.6%	13.8	5.9%	52.0%
Japan	5.8	2.1%	4.9	2.1%	16.5%
Rest of the World	56.1	20.3%	34.9	14.9%	61.0%
<b>Total</b>	<b>276.2</b>	<b>100%</b>	<b>234.2</b>	<b>100%</b>	<b>17.9%</b>

## Results by business segments

### *Household*

<i>(Euro millions)</i>	<b>I Quarter 2006</b>	<b>I Quarter 2005</b>	<b>Changes</b>	<b>Changes %</b>
Net revenues	212.3	177.1	35.2	19.9%
EBITDA	12.8	9.6	3.2	33.7%
% on net revenues	6.0%	5.4%		

### *Professional*

<i>(Euro millions)</i>	<b>I Quarter 2006</b>	<b>I Quarter 2005</b>	<b>Changes</b>	<b>Changes %</b>
Net revenues	63.9	57.1	6.8	11.9%
EBITDA	6.7	4.8	1.9	38.9%
% on net revenues	10.5%	8.5%		